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FEE RECEIVED

November 29, 2011

NOV 29 2011

Karl Morell
Of Counsel

**SURFACE
TRANSPORTATION BOARD**

kmorell@balljanik.com

BY HAND DELIVERY

Ms. Cynthia T. Brown
Chief, Section of Administration
Office of Proceedings
Surface Transportation Board
395 E Street, S.W.
Washington, DC 20423

ENTERED
Office of Proceedings

NOV 29 2011

Part of
Public Record

NOV 29 2011

Re: STB Finance Docket No. 35573, Watco Holdings, Inc. and
Watco Transportation Services, L.L.C. – Acquisition of Control
Exemption – Wisconsin & Southern Railroad, L.L.C.

Dear Ms. Brown:

Attached for filing are the original and ten copies of a Verified
Notice of Exemption under 49 C.F.R. § 1180.2(d)(2), and a check
covering the \$1,300 filing fee.

Please time and date stamp the extra copy of the Verified Notice of
Exemption and return it with our messenger.

If you have any questions, please call me.

Sincerely,

Karl Morell
Of Counsel

FILED
NOV 29 2011
**SURFACE
TRANSPORTATION BOARD**

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35573

NOV 29 2011

WATCO HOLDINGS, INC. AND WATCO TRANSPORTATION SERVICES, L.L.C.
-- ACQUISITION OF CONTROL EXEMPTION --
WISCONSIN & SOUTHERN RAILROAD, L.L.C.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1180.2(d)(2)

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KARL MORELL
Of Counsel
BALL JANIK LLP
Suite 225
655 Fifteenth Street, N.W.
Washington, D.C. 20005
(202) 638-3307

Attorney for:
WATCO HOLDINGS, INC. and WATCO
TRANSPORTATION SERVICES, L.L.C.

Dated: November 29, 2011

BEFORE THE
SURFACE TRANSPORTATION BOARD

STB FINANCE DOCKET NO. 35573

WATCO HOLDINGS, INC. AND WATCO TRANSPORTATION SERVICES, L.L.C.
-- ACQUISITION OF CONTROL EXEMPTION --
WISCONSIN & SOUTHERN RAILROAD, L.L.C.

VERIFIED NOTICE OF EXEMPTION
Pursuant to 49 C.F.R. § 1180.2(d)(2)

Watco Holdings, Inc. ("Watco Holdings"), and Watco Transportation Services, L.L.C. ("Watco Services") file this Notice of Exemption, pursuant to 49 C.F.R. § 1180.2(d)(2), for Watco Holdings indirectly to control the Wisconsin & Southern Railroad L.L.C. ("WSOR") and for Watco Services to directly control WSOR, a Class II railroad. In support of this Notice of Exemption, Watco Holdings and Watco Services submit the following information as required by 49 C.F.R. § 1180.4(g):

Section 1180.6(a)

- (1) A description of the proposed transaction.
 - (i) A brief summary of the proposed transaction, the name of applicants, their business address, telephone number, and the name of counsel to whom questions regarding the proposed transaction can be addressed.

Watco Holdings, a non-carrier, is a Kansas corporation which controls Watco Services, also a non-carrier. Watco Holdings currently controls, indirectly, twenty three (23) Class III

railroads operating in 18 States.¹ Wisconsin & Southern Railroad Co. ("WSOR. Inc.") currently exists as a Wisconsin corporation. Immediately prior to this transaction being consummated WSOR. Inc. will convert from a Wisconsin corporation to a Wisconsin limited liability company known as Wisconsin & Southern Railroad L.L.C. Once the conversion takes place, Watco Services will acquire 90 percent of all the issued and outstanding ownership and membership interests of WSOR and Watco Holdings will indirectly control WSOR.

Watco also controls, through stock ownership and management, the South Kansas and Oklahoma Railroad Inc. ("SKO"), Palouse River & Coulee City Railroad, L.L.C. ("PRCC"), the Timber Rock Railroad, L.L.C. ("TIBR"), the Stillwater Central Railroad, L.L.C. ("SLWC"), the Eastern Idaho Railroad, L.L.C. ("EIRR"), Kansas & Oklahoma Railroad, L.L.C. ("K&O"), the Pennsylvania Southwestern Railroad, L.L.C. ("PSWR"), the Great Northwest Railroad, L.L.C. ("GNR"), the Kaw River Railroad, L.L.C. ("KRR"), the Mission Mountain Railroad, L.L.C. ("MMI"), the Mississippi Southern Railroad, L.L.C. ("MSRR"), the Yellowstone Valley Railroad, L.L.C. ("YVRR"), the Louisiana Southern Railroad, L.L.C. ("LSRR"), the Arkansas Southern Railroad, L.L.C. ("ARSR"), the Alabama Southern Railroad, L.L.C. ("ABS"), the Vicksburg Southern Railroad, L.L.C. ("VSOR"), the Austin Western Railroad, L.L.C. ("AWRR"), the Baton Rouge Southern Railroad, L.L.C. ("BRSR"), the Pacific Sun Railroad, L.L.C. ("PSRR"), the Grand Elk Railroad, Inc. ("GER"), Alabama Warrior Railway, L.L.C. ("AWR"), Boise Valley Railroad, L.L.C. ("BVR") and Autauga Northern Railroad, L.L.C. ("ANRR"). SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR, BVR and ANRR are Class III carriers which operate rail lines in 18 States. WSOR will remain a Class II carrier.

¹ On November 28, 2011, in STB Finance Docket No. 35575, Watco Holdings filed to continue in control of Swan Ranch Railroad, L.L.C. ("SRR"), upon SRR becoming a Class III carrier.

The rail lines operated by SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR, BVR and ANRR do not connect with any of the rail lines operated by WSOR. The rail lines operated by WSOR are located in Wisconsin and Illinois. None of the Watco railroads own or operate a rail line in Wisconsin or Illinois.

Also, the involved transaction is not part of a series of anticipated transactions that would connect the rail lines operated by WSOR with any railroad in the Watco corporate family. Finally, neither WSOR nor any of the carriers controlled by Watco Holdings are Class I rail carriers. Accordingly, this transaction falls within the class of transactions described at 49 C.F.R. § 1180.2(d)(2), and is exempt from prior approval by the Surface Transportation Board ("Board").

The name and business address of Applicants are as follows:

Watco Holdings, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Watco Transportation Services, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Wisconsin & Southern Railroad LLC
5300 North 33rd Street
Milwaukee, WI 53209-0229

Austin Western Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Vicksburg Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Alabama Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Arkansas Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Louisiana Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Yellowstone Valley Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Mississippi Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Mission Mountain Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

South Kansas and Oklahoma Railroad, Inc.
123 N. Depot
Cherryvale, KS 67335

Palouse River & Coulee City Railroad, L.L.C.
325 Mill Road
Lewiston, ID 83501

Timber Rock Railroad, L.L.C.
505 West Avenue F
Silsbee, TX 77656

Stillwater Central Railroad, L.L.C.
123 N. Depot
Cherryvale, KS 67335

Eastern Idaho Railroad, L.L.C.
618 Shoshone St. West
Twin Falls, ID 83301

Kansas & Oklahoma Railroad, L.L.C.
1825 W. Harry
Wichita, KS 67213

Pennsylvania Southwestern Railroad, L.L.C.
10th Street and Midland Avenue
Midland, PA 15059

Great Northwest Railroad, L.L.C.
325 Mill Road
Lewiston, ID 83501

Kaw River Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Baton Rouge Southern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, Kansas 66762

Pacific Sun Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Grand Elk Railroad, Inc.
315 W. 3rd Street
Pittsburg, KS 66762

Alabama Warrior Railway, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Boise Valley Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Autauga Northern Railroad, L.L.C.
315 W. 3rd Street
Pittsburg, KS 66762

Applicants' representative:

Karl Morell
Of Counsel
Ball Janik LLP
655 Fifteenth Street, N.W.
Suite 225
Washington, D.C. 20005
(202) 638-3307

- (ii) The proposed time schedule for consummation of the proposed transaction.

Watco Holdings intends to consummate this transaction on or shortly after the effective date of this Notice.

- (iii) The purpose sought to be accomplished by the proposed transaction.

Watco Holdings intends to acquire control of WSOR as an investment in order to reduce overhead expenses, coordinate billing, maintenance, mechanical and personnel policies and practices of its rail carrier subsidiaries and thereby improve the overall efficiency of rail service provided by the railroads in the Watco corporate family.

- (5) A list of the State(s) in which any part of the property of each applicant carrier is situated.

SKO's lines are located in Missouri, Kansas and Oklahoma.

EIRR's lines are located in Idaho.

PRCC's lines are located in Washington, Oregon and Idaho.

TIBR's lines are located in Texas and Louisiana.

SLWC's lines are located in Oklahoma.

K&O's lines are located in Kansas and Colorado.

PSWR's line is located in Pennsylvania.

GNR's lines are located in Idaho and Washington.

KRR's lines are located in Kansas and Missouri.

MMT's lines are located in Montana.

MSRR's line is located in Mississippi.

YVRR's lines are located in Montana and North Dakota.

LSRR's lines are located in Louisiana.

ARSR's lines are located in Arkansas and Oklahoma

ABS's lines are located in Mississippi and Alabama.

VSOR's lines are located in Mississippi.

AWRR's lines are located in Texas.

BRSS's lines are located in Louisiana.

PSRR's lines are located in California.

GER's lines are located in Indiana and Michigan.

AWR's lines are located in Alabama.

BVR's lines are located in Idaho.

ANRR's lines are located in Alabama.

WSOR's lines are located in Wisconsin and Illinois.

(6) Map.

Maps illustrating the rail lines of SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSS, PSRR, GER, AWR, BVR, ANRR and WSOR are attached as Exhibit 1.

(7)(ii) Agreement.

A redacted version of the draft Purchase Agreement is attached as Exhibit 2. Unredacted copies of the draft Purchase Agreement are being filed under seal pursuant to the accompanying Motion for Protective Order.²

Because SKO, PRCC, TIBR, SLWC, EIRR, K&O, PSWR, GNR, KRR, MMT, MSRR, YVRR, LSRR, ARSR, ABS, VSOR, AWRR, BRSR, PSRR, GER, AWR, BVR and ANRR are Class III carriers and because WSOR is a Class II rail carrier the Board should impose the labor protective conditions set forth in *Wisconsin Central LTD. Acquisition Exem. – Union Pac. RR*, 2 S.T.B. 218 (1997).

ENVIRONMENTAL AND HISTORIC IMPACTS

Watco Holdings will control WSOR for the purpose of continued rail operations where further Board approval is required to abandon or discontinue any service, and there are no plans to dispose of or alter properties subject to the Board's jurisdiction that are 50 years old or older. Hence, this Notice of Exemption does not require an historic report under 49 C.F.R. § 1105.8(b)(1).

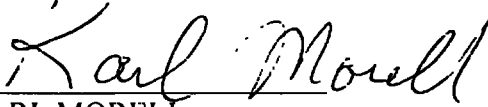
Watco Holdings' control of WSOR will not result in significant changes in carrier operations. There will not be a diversion of: (1) more than 1,000 rail carloads a year to motor carriage; or (2) an average of 50 carloads per mile per year for any part of these lines to motor carriage. This transaction will not result in: (1) an increase in rail traffic of at least 100 percent or an increase of at least eight trains a day on any segment of the lines; (2) an increase of rail yard activity of at least 100 percent; or (3) an average increase in truck traffic of more than 10 percent of the average daily traffic or 50 vehicles a day. This transaction will not affect a Class I or

² The Exhibit B and the Schedules to the Purchase Agreement have not yet been prepared. Should the Board wish also to review the Exhibit B and the Schedules, Watco Holdings will file them as soon as they are finalized.

nonattainment area under the Clean Air Act. In any event, the thresholds of 49 C.F.R. § 1105.7(e)(5)(ii) will not be exceeded. Finally, this transaction does not contemplate the transportation of any ozone depleting materials. Therefore, no environmental documentation is required under 49 C.F.R. § 1105.6(c)(2).

This action will not significantly affect either the quality of the human environment or energy conservation.

Respectfully submitted.


KARL MORELL
Of Counsel
BALL JANIK LLP
655 Fifteenth Street, N.W.
Suite 225
Washington, D.C. 20005
(202) 638-3307

Attorney for:
WATCO HOLDINGS, INC. and WATCO
TRANSPORTATION SERVICES L.L.C.

Dated: November 29, 2011

EXHIBIT 1



Prattville

LEGEND:

Alabama Southern RR 185

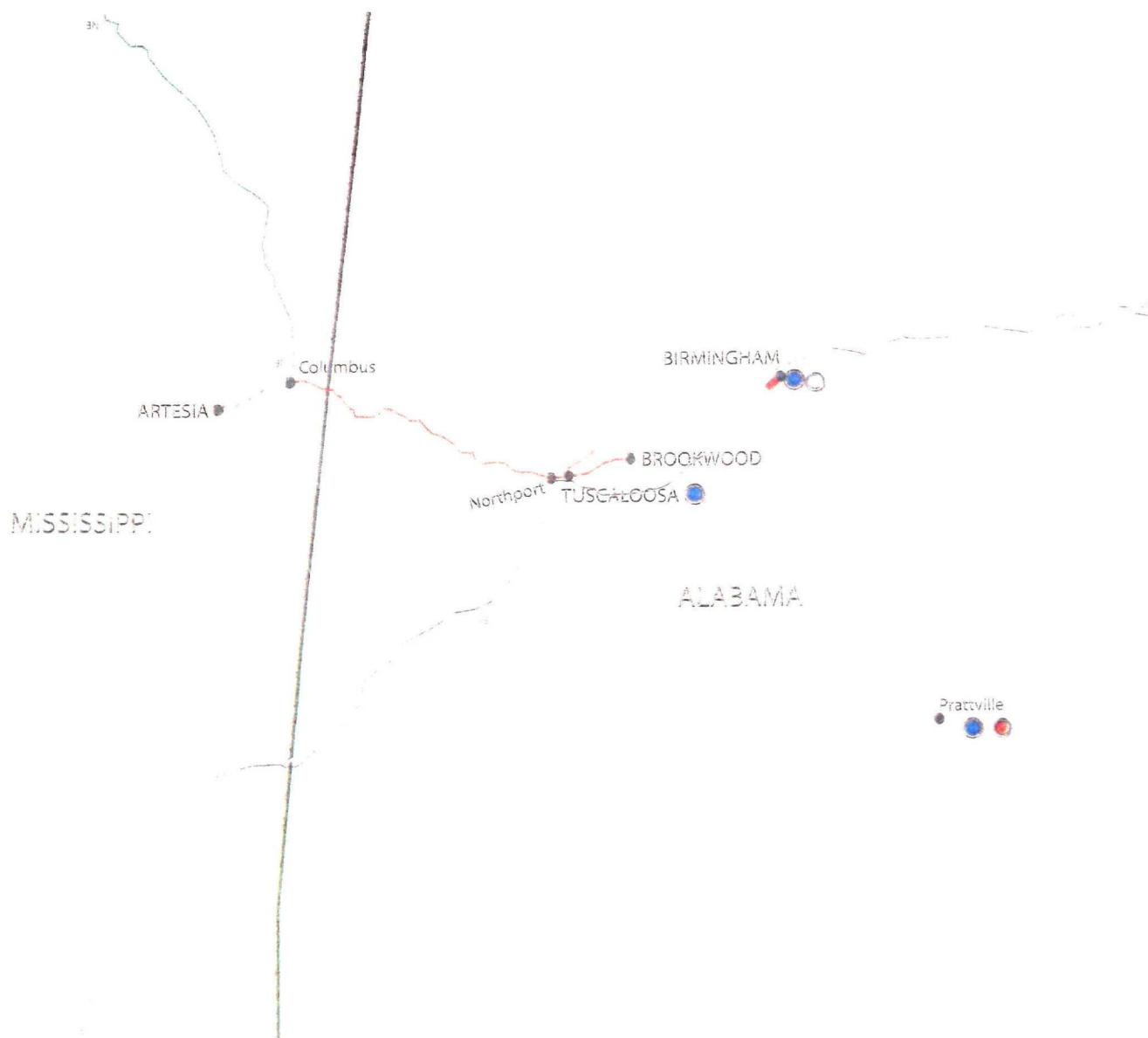
Alabama Southern Trackage Rights

Interchanges - Track miles 85

- Artesia
- Brookwood
- Tuscaloosa

Mechanical Services

Switching Services



LEGEND:

Alabama Warrior RR (AWR)

Interchanges - Track miles 15

BNSF - Birmingham

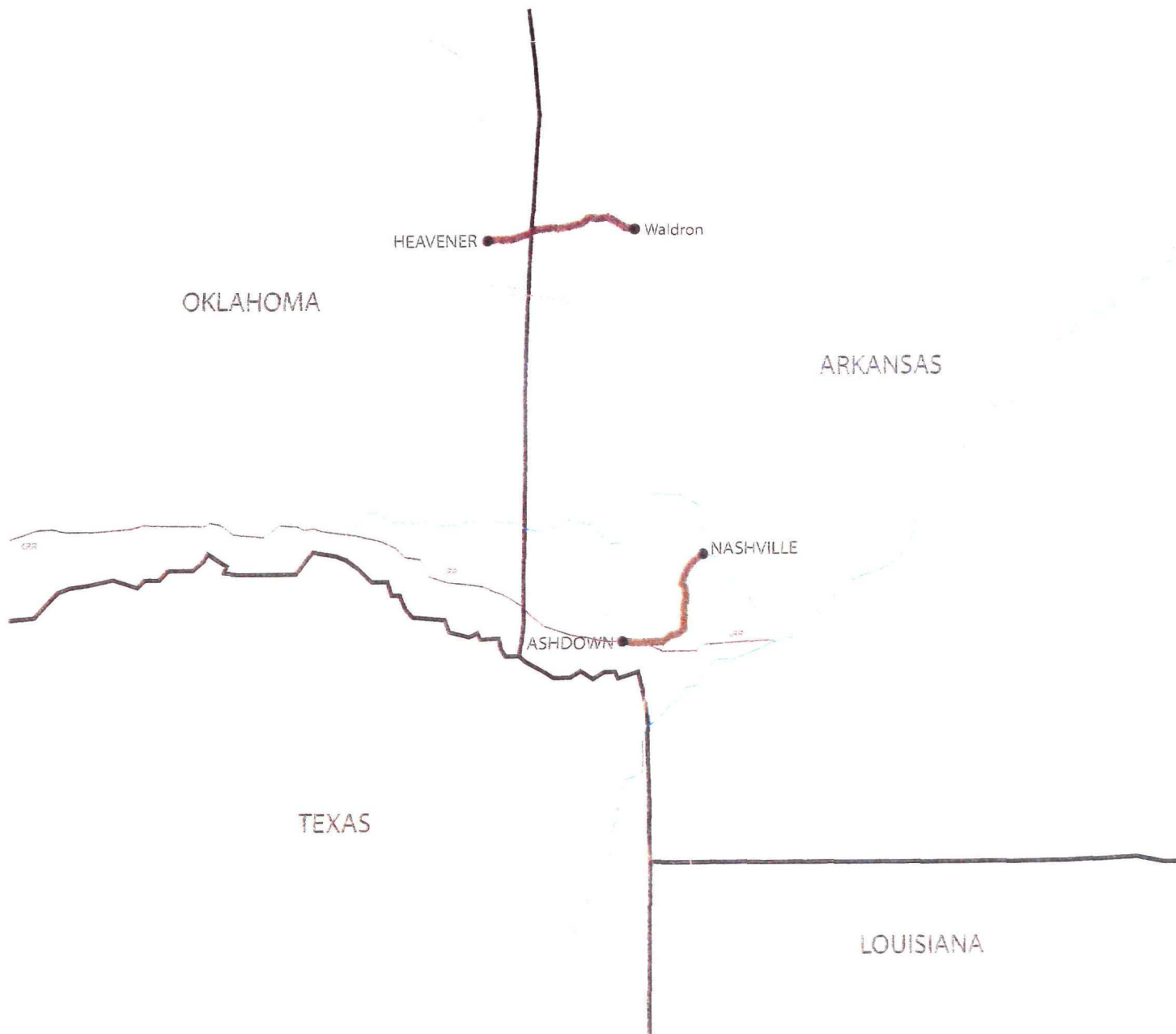
- Birmingham

NS - Birmingham

Mechanical Services

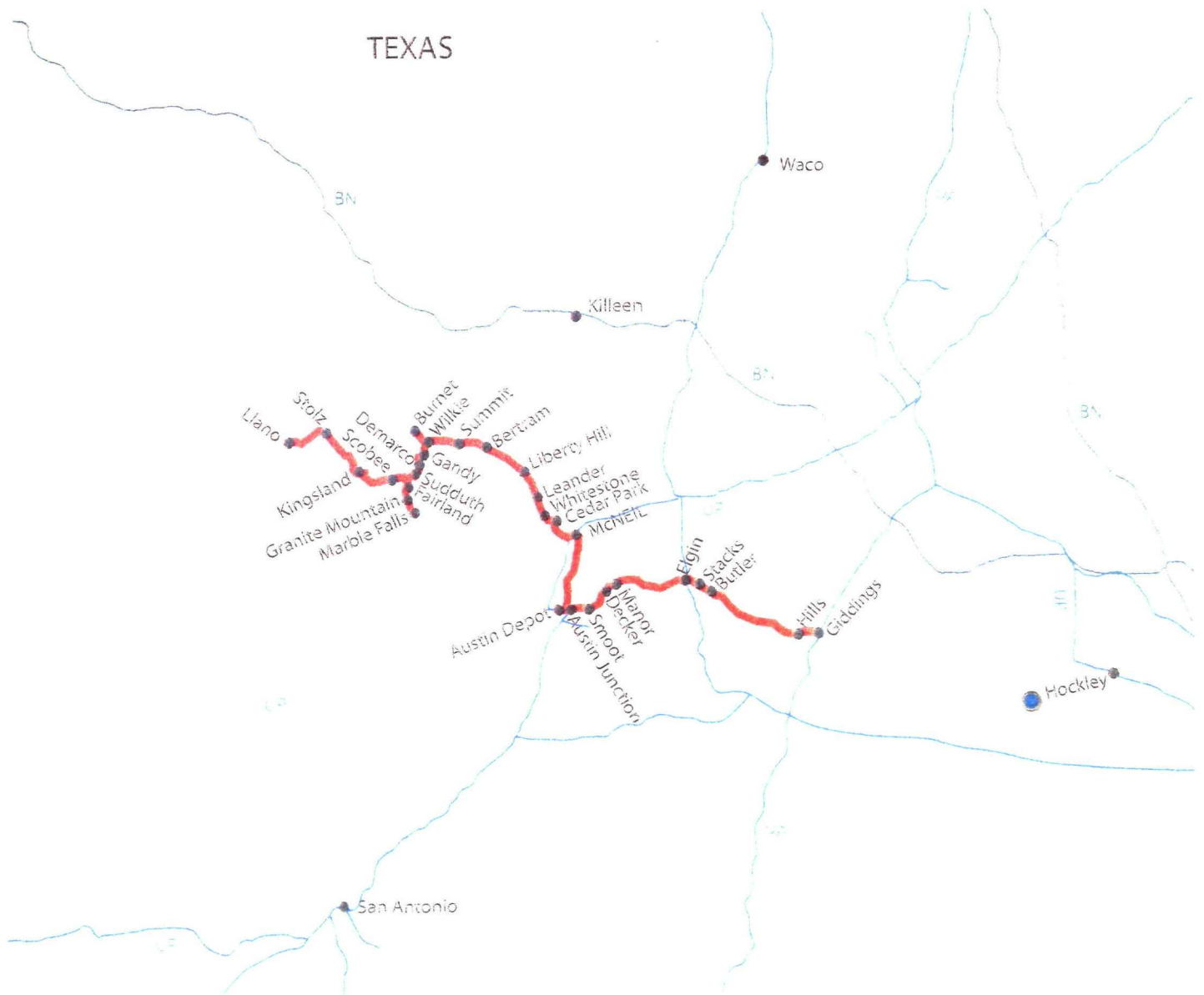
Switching Services

Transload Services



LEGEND:
Arkansas Southern RR (ARS) 
Interchanges - Track miles 62
- Ashdown, Heavener
- Nashville

TEXAS



LEGEND:

Austin Western RR (AWRR) —————

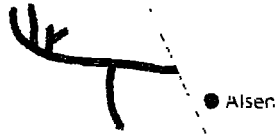
Interchanges - Track miles 154

McNeil ●

BNSF - McNeil ●

Mechanical Services ●

LOUISIANA



Mississippi River

● Scotlandville

● Belmont

● Baton Rouge

Port Allen

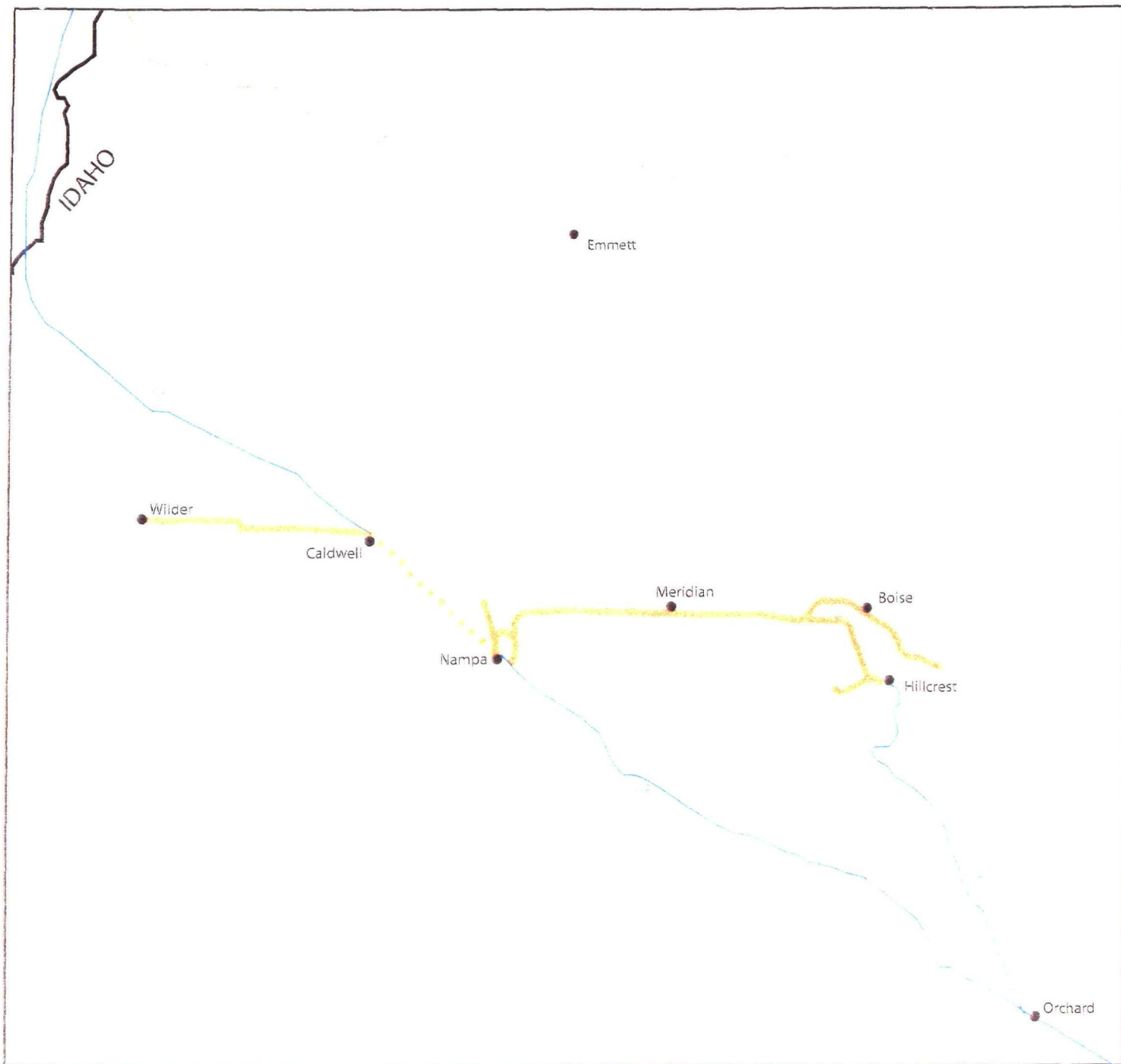
Interchanges -
Track miles 1.5

LEGEND:

Baton Rouge Southern RR 375



Interchanges - Track miles 1.5



LEGEND:

Boise Valley RR (BVR)

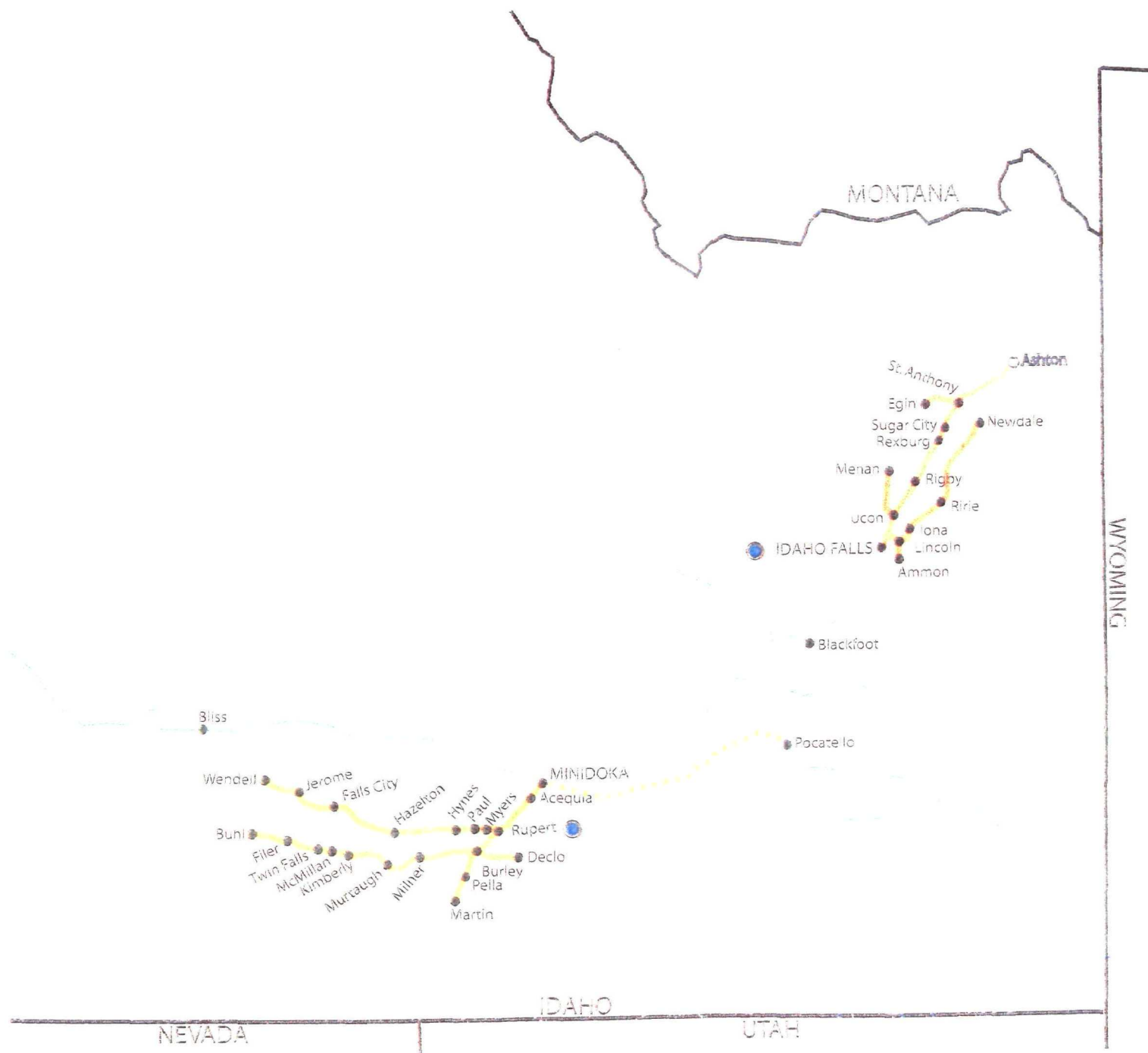
Boise Valley Trackage Rights

Idaho Northwest & Pacific

Union Pacific

Interchanges - Track miles 36

— - Nampa, Caldwell



LEGEND:

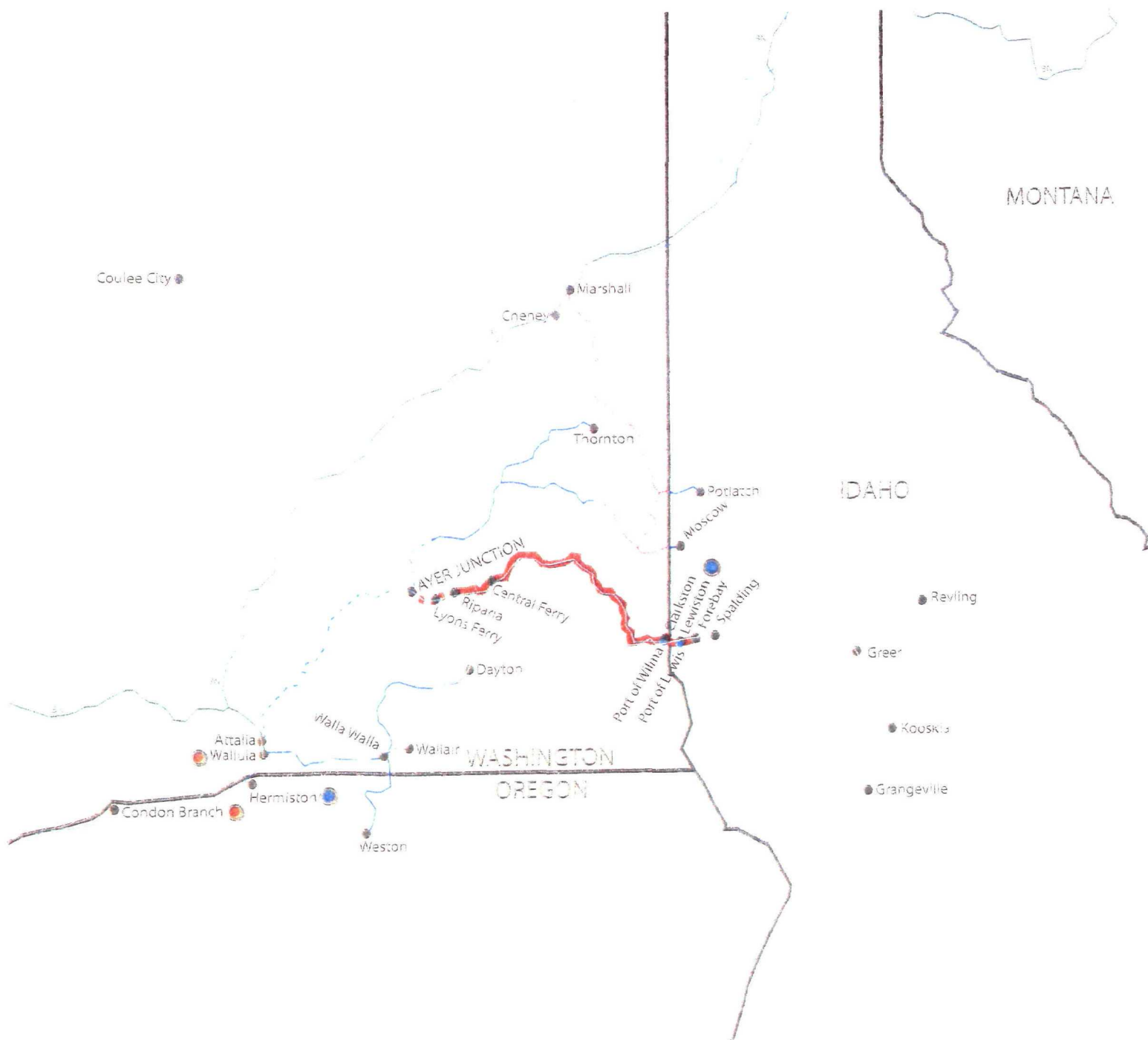
Eastern Idaho RR (EIRR)

Eastern Idaho Trackage Rights

Interchanges - Track miles 270

- Minidoka, Idaho Falls

● Mechanical Services



LEGEND:

Great Northwest RR (GPNW)

Great Northwest Trackage Rights

Palouse River & Coulee City RR (P&CC)

Palouse River & Coulee City Trackage Rights

BG & CM Railroad

Eastern Washington Gateway RR

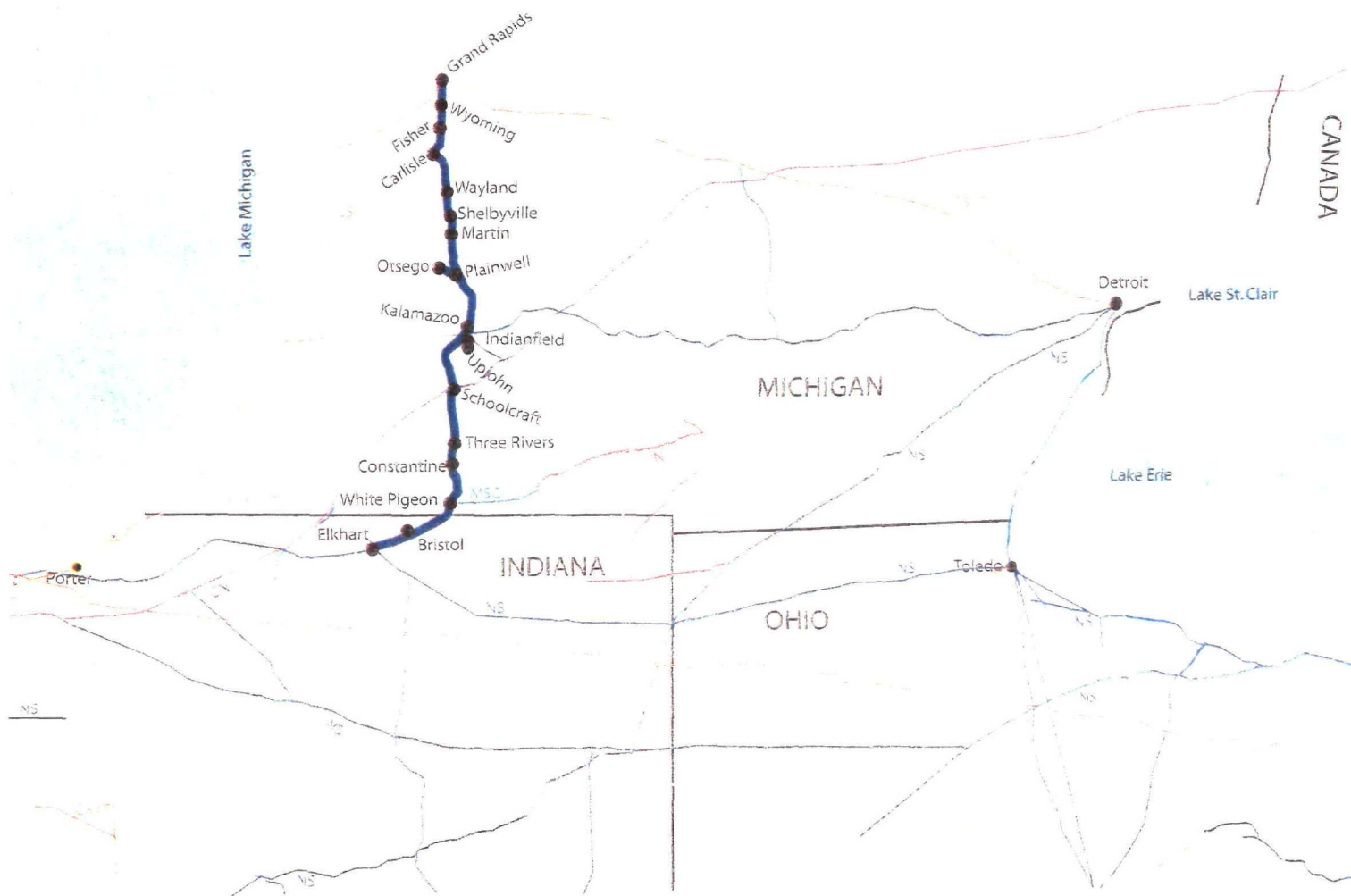
Washington and Idaho Railway

Interchanges - Track miles 77

• BNSF - Ayer

• Mechanical Services

• Switching Services



LEGEND:

Grand Elk Railroad

Other Railroads

State Boundaries

Water Bodies

Other Features

Legend

Legend

Legend

Legend

Legend

Legend

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Legend

Norfolk Southern

Interchanges

NS - Elkhart, IN & Kalamazoo, MI

CN - Kalamazoo, MI

GR - Grand Rapids, MI

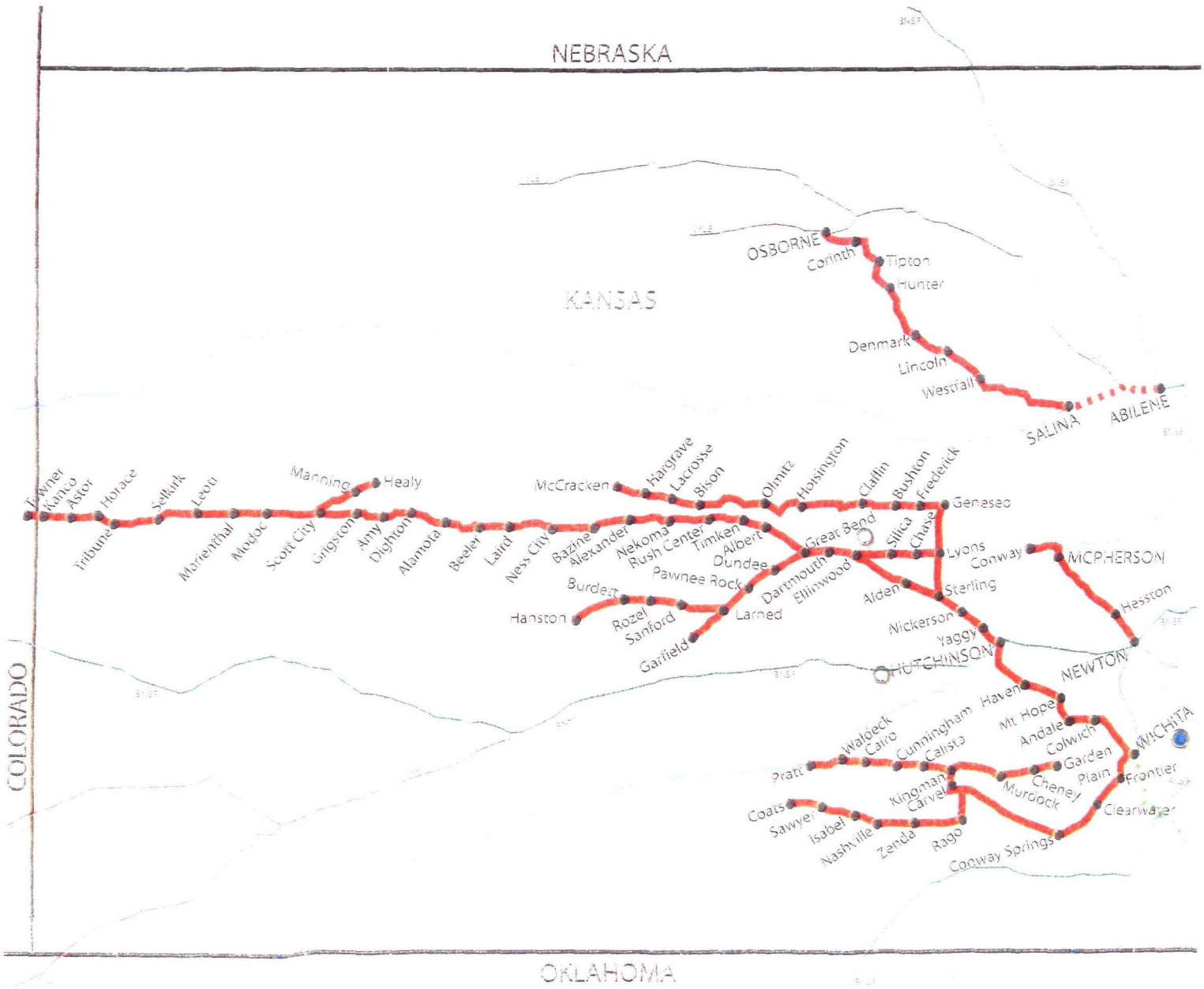
- Grand Rapids, MI

- Grand Rapids, MI

- Grand Rapids, MI

MSO - White Pigeon, MI

Total Miles: 122.9



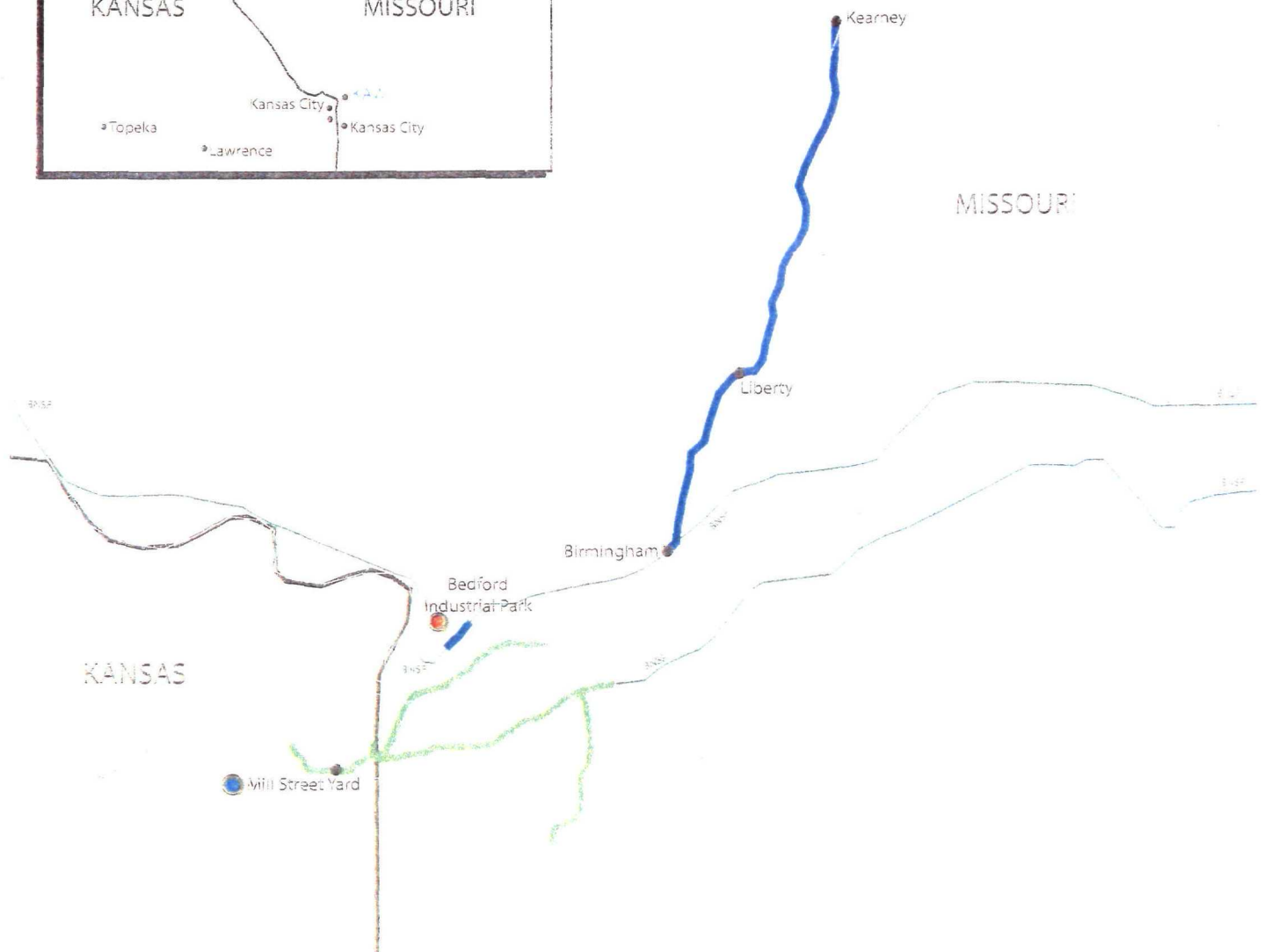
LEGEND:

Kansas & Oklahoma RR (KO)
 Kansas & Oklahoma Trackage Rights
 South Kansas & Oklahoma RR Trackage Rights (SKO)
 Kyle Railroad (KYL)
 Cimmaron Valley Railroad (CVR)




Interchanges - Track miles 820

BNSF - Abilene, Hutchinson, Newton, Wichita
 - Osborne
 - Wichita
 - Hutchinson, McPherson, Salina, Wichita
 Mechanical Services
 Transload/Warehouse Services



LEGEND:


KAW River Railroad (KAW) 

Interchanges



BNSF - Kansas City, MO (Bedford Industrial Park)

BNSF - Birmingham, MO (Kearney Subdivision)

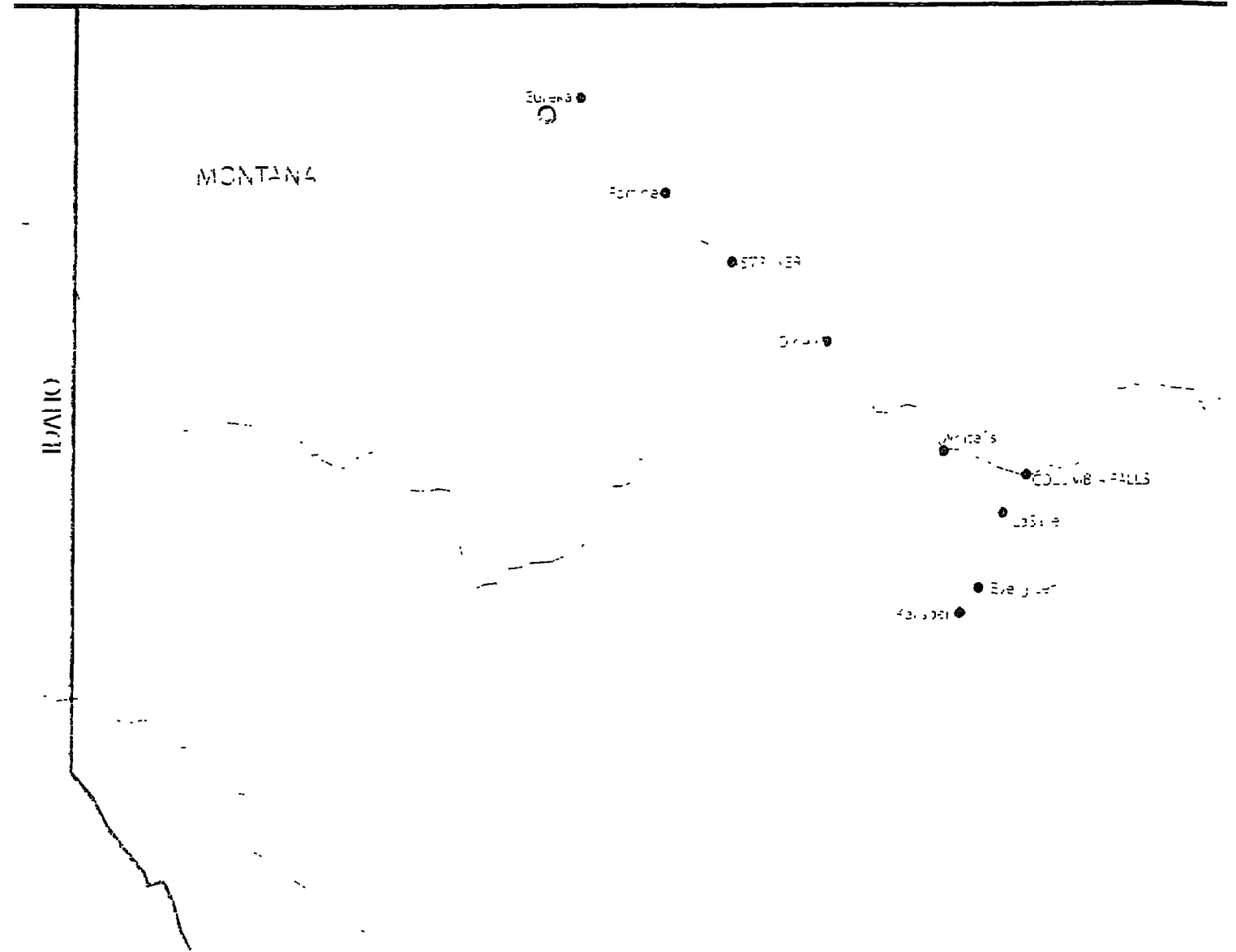
Track miles - 21

Kansas City Transportation Company LLC (KCTL) 

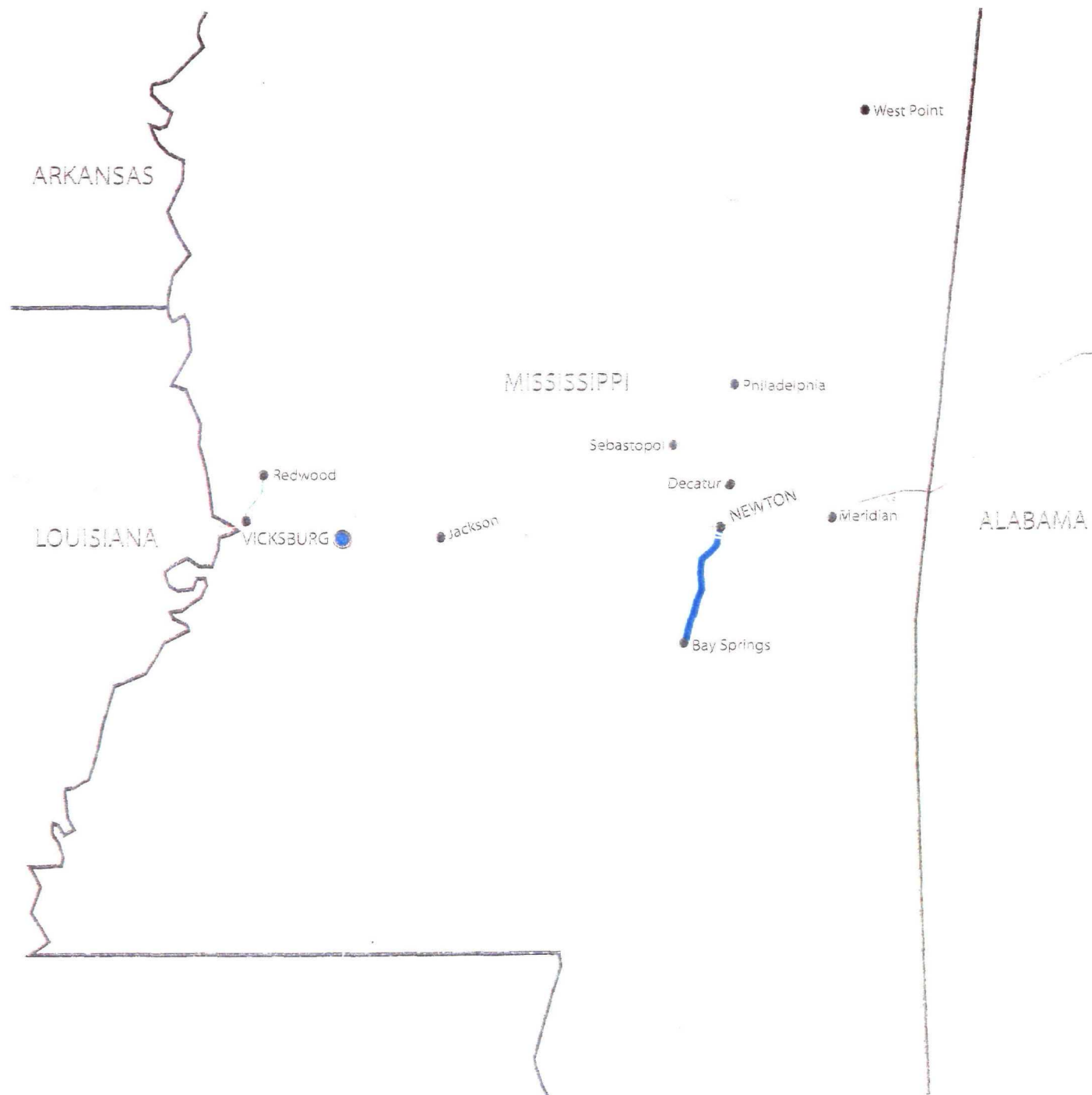
Interchanges - Track miles 32

BNSF - Kansas City, KS	 Mechanical Services
ICE - Kansas City, MO/KS	 Switching Services
ICE - Kansas City, MO/KS	
NS - Kansas City, MO	
UP - Kansas City, MO/KS	

CANADA



LEGEND:
 - - - - - Mission Mountain Railroad
 - - - - - Montana Railroad
 Interchanges - Track miles 30.5
 - - - - - Great Northern
 - - - - - Transload/Trucking services



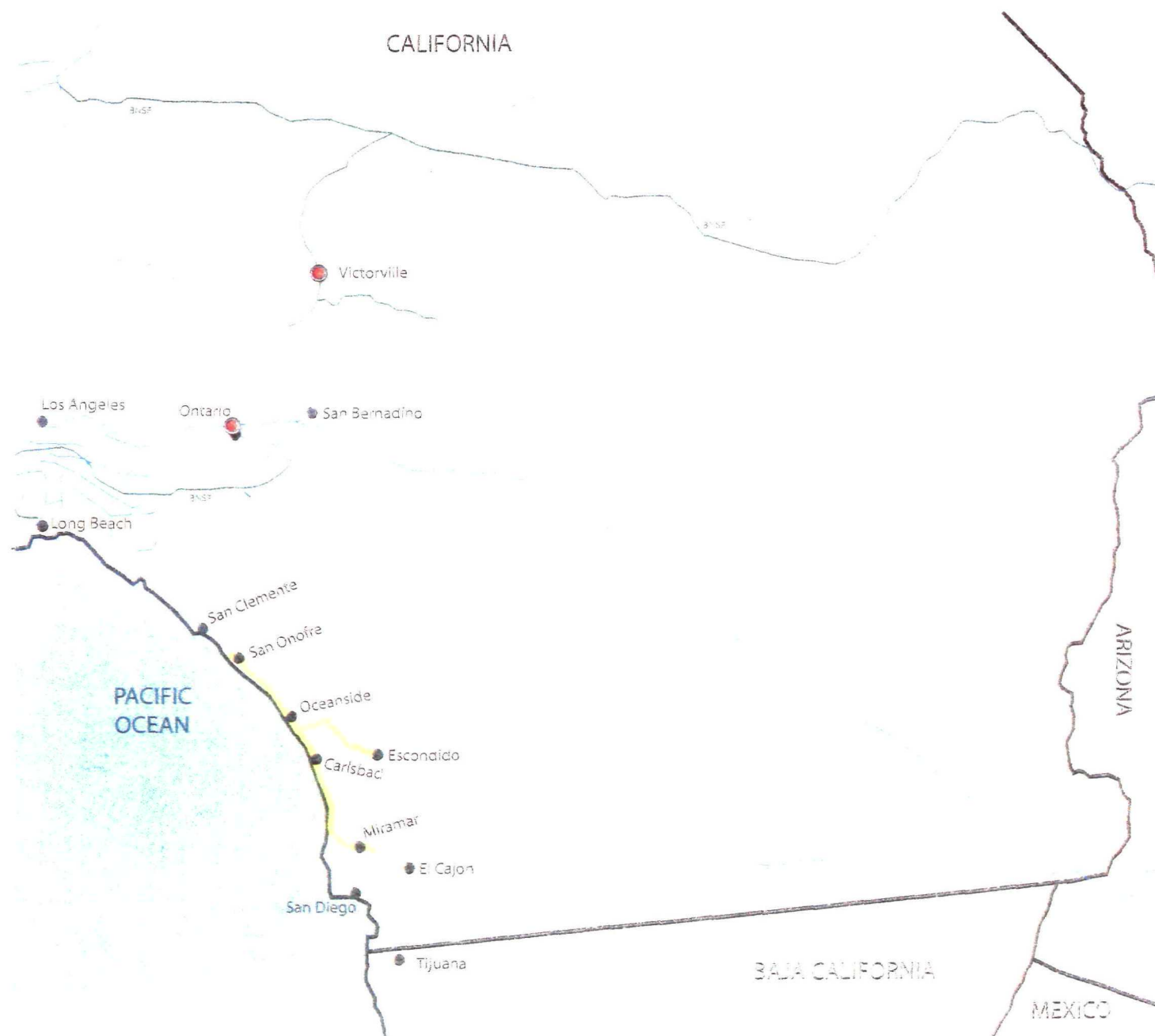
LEGEND:

Mississippi Southern RR MSR
 Mississippi Southern RR Trackage Rights
 Vicksburg Southern Railroad

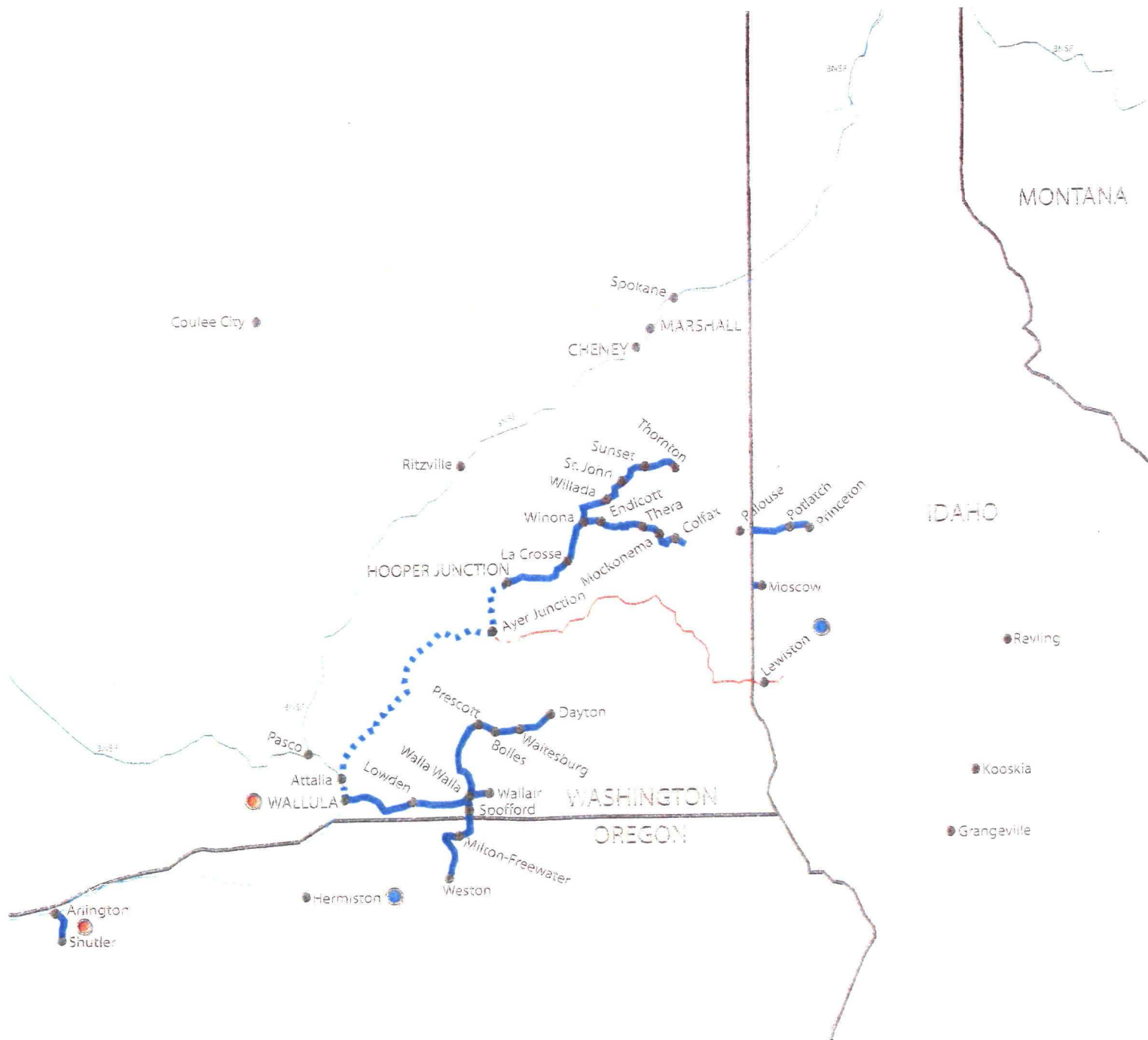


Interchanges - Track miles 28
 - Newton

Mechanical Services

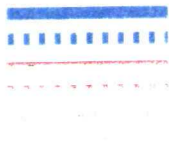


LEGEND:	
 Pacific Sun RR (PSRR)	Interchanges - Track miles 62
 Switching Services	BNSF - Oceanside



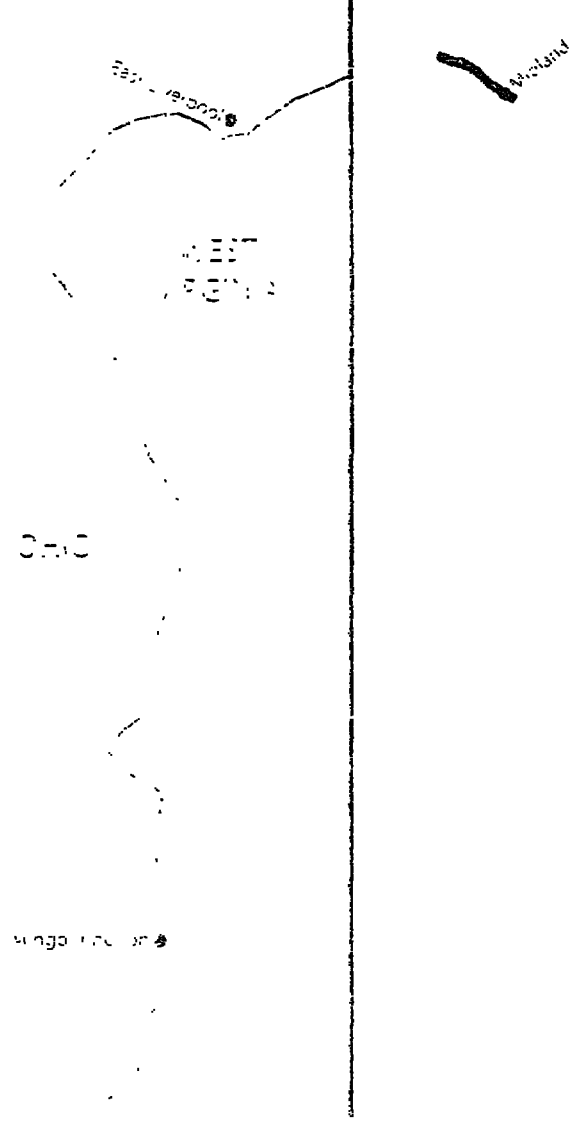
LEGEND:

Palouse River & Coulee City RR (PCC)
 Palouse River & Coulee City Trackage Rights
 Great Northwest RR
 Great Northwest RR Trackage Rights
 Washington and Idaho Railway
 Eastern Washington Gateway RR
 BG & CM Railroad



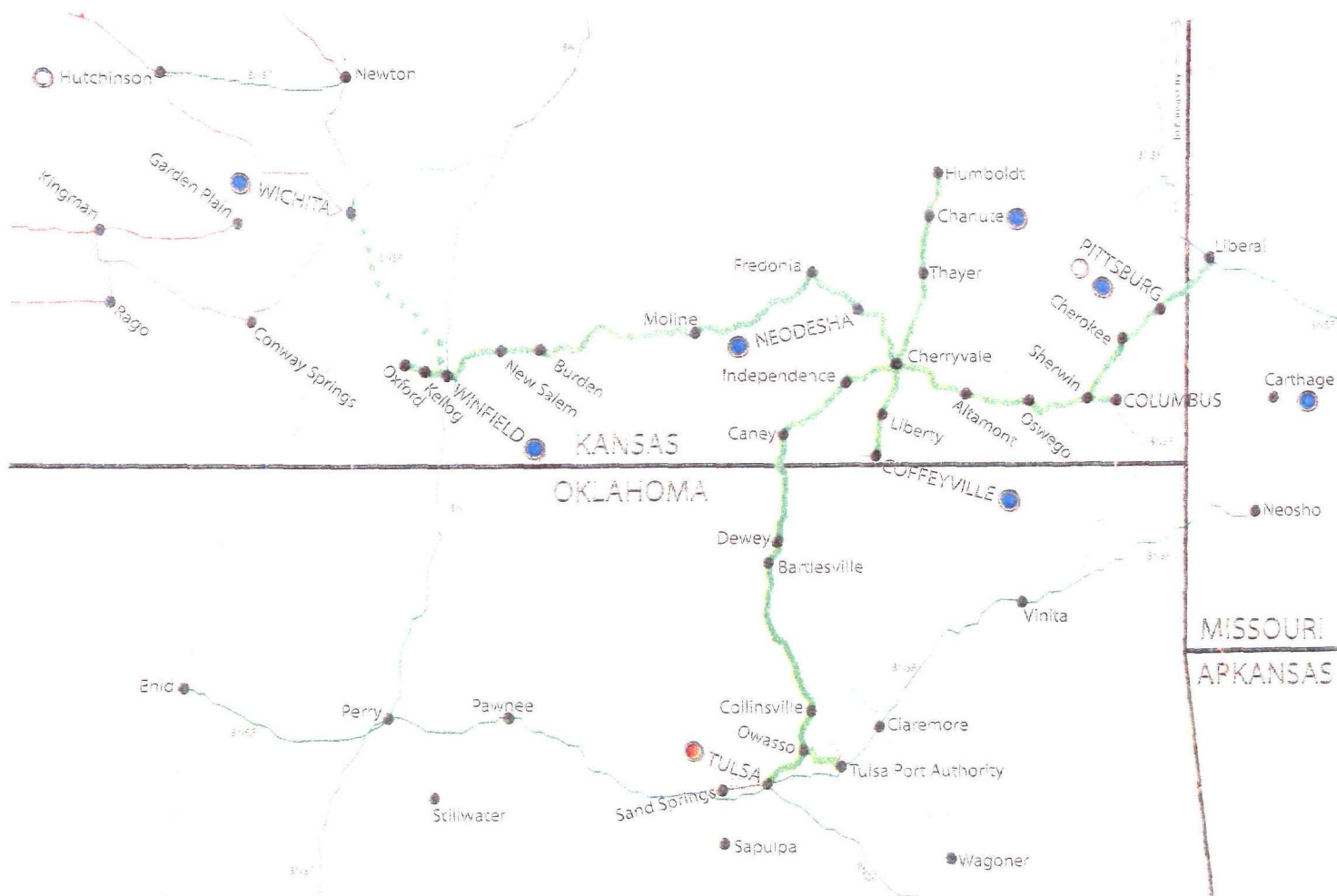
Interchanges - Track miles 202

BNSF - Wallula
 - Hooper Junction, Wallula
 Mechanical Services
 Switching Services

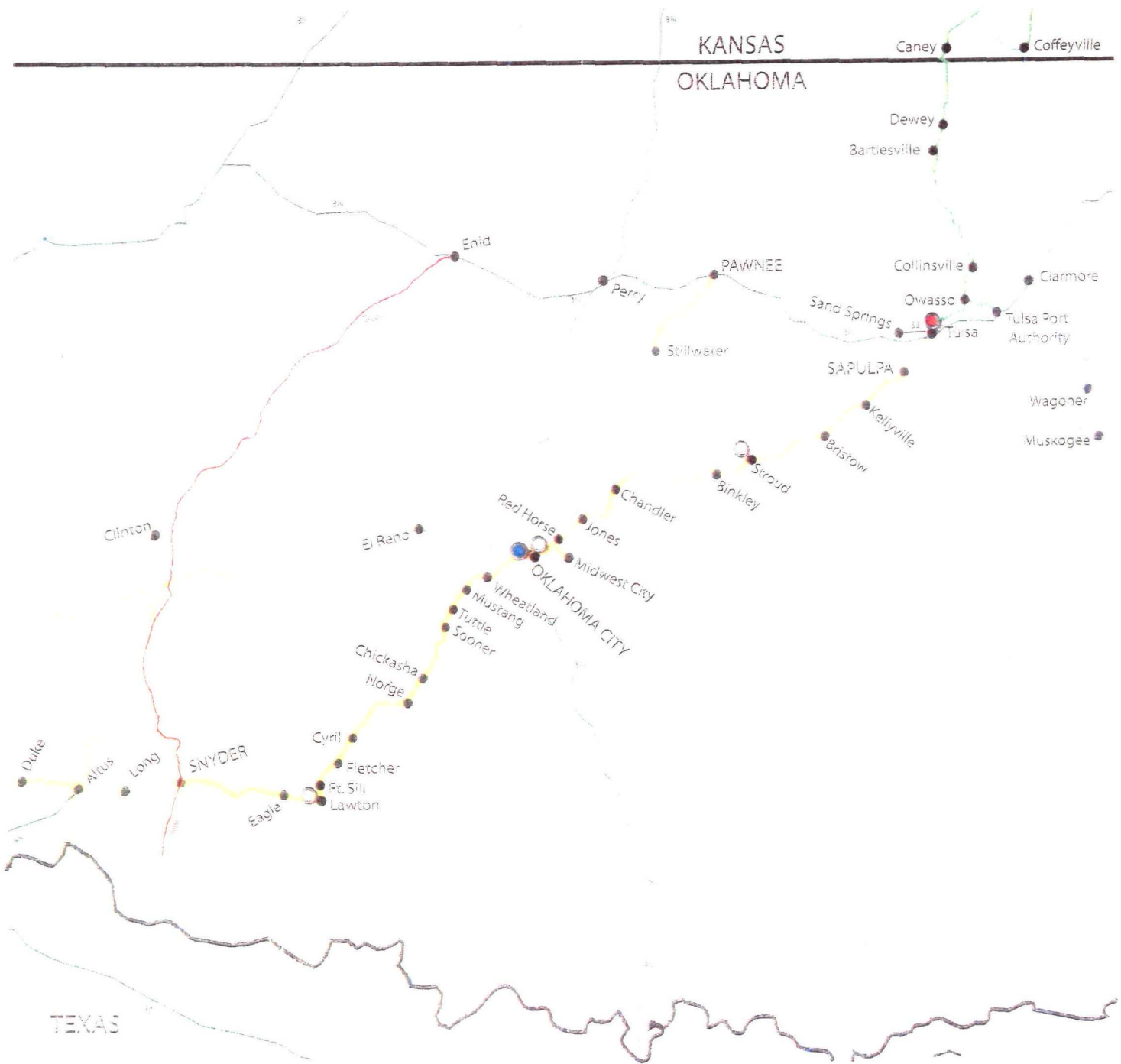


LEGEND:

- Perryville - Southwestern RR 1914
- Wingo - Track miles 12
- Meadow



LEGEND:		
South Kansas & Oklahoma RR (SKOL)		Interchanges - Track miles 380
South Kansas & Oklahoma Trackage Rights (SKOTR)		- Coffeyville, Winfield, Tulsa, Neodesha
Kansas & Oklahoma RR (KOR)		34.57 - Winfield, Tulsa, Columbus
Stillwater Central RR (SCRR)		- Pittsburg
Stillwater Central Trackage Rights (SCTR)		40 - Wichita
Sand Springs RR (SSR)		55 - Tulsa
Tulsa's Port of Catoosa (PC)		- Tulsa
Mechanical Services		
Switching Services		
Transload/Warehouse Services		

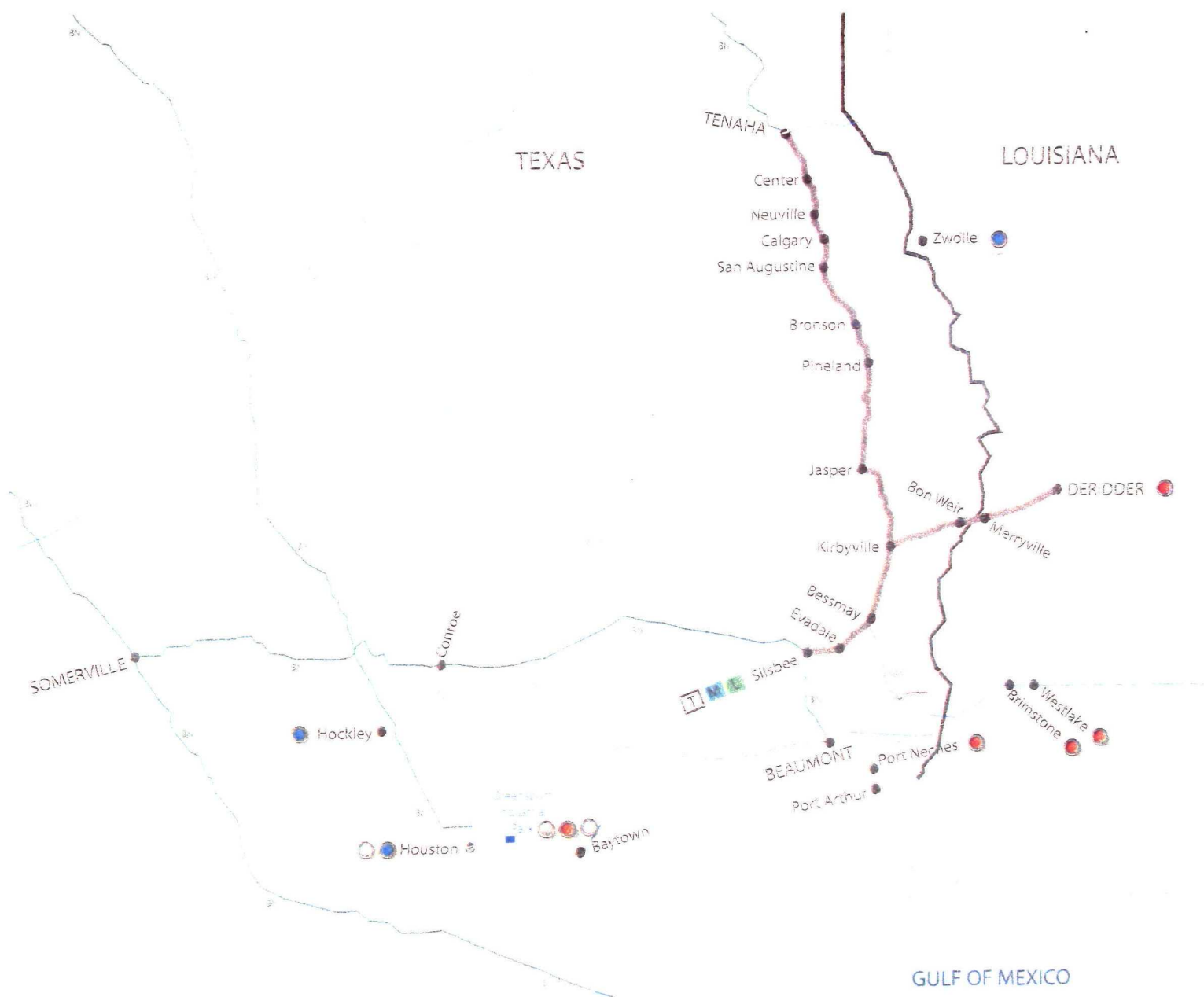


LEGEND:

Stillwater Central Railroad (SLWC)
Stillwater Central Trackage Rights (SKOL)
South Kansas & Oklahoma RR (SKOL)
Sand Springs RR (SS)
Grainbelt Corporation (GNBC)
● Mechanical Services
● Switching Services
● Transload/Warehouse Services

Interchanges - Track miles 265.4

BN SF - Oklahoma City, Pawnee, Sapulpa,
Snyder, Altus
- Altus
GNBC - Snyder
- Tulsa
- Oklahoma City



LEGEND:

Timber Rock RR (TBR)

Interchanges - Track miles 168

BNSF - Tenaha, Silsbee

- DeRidder

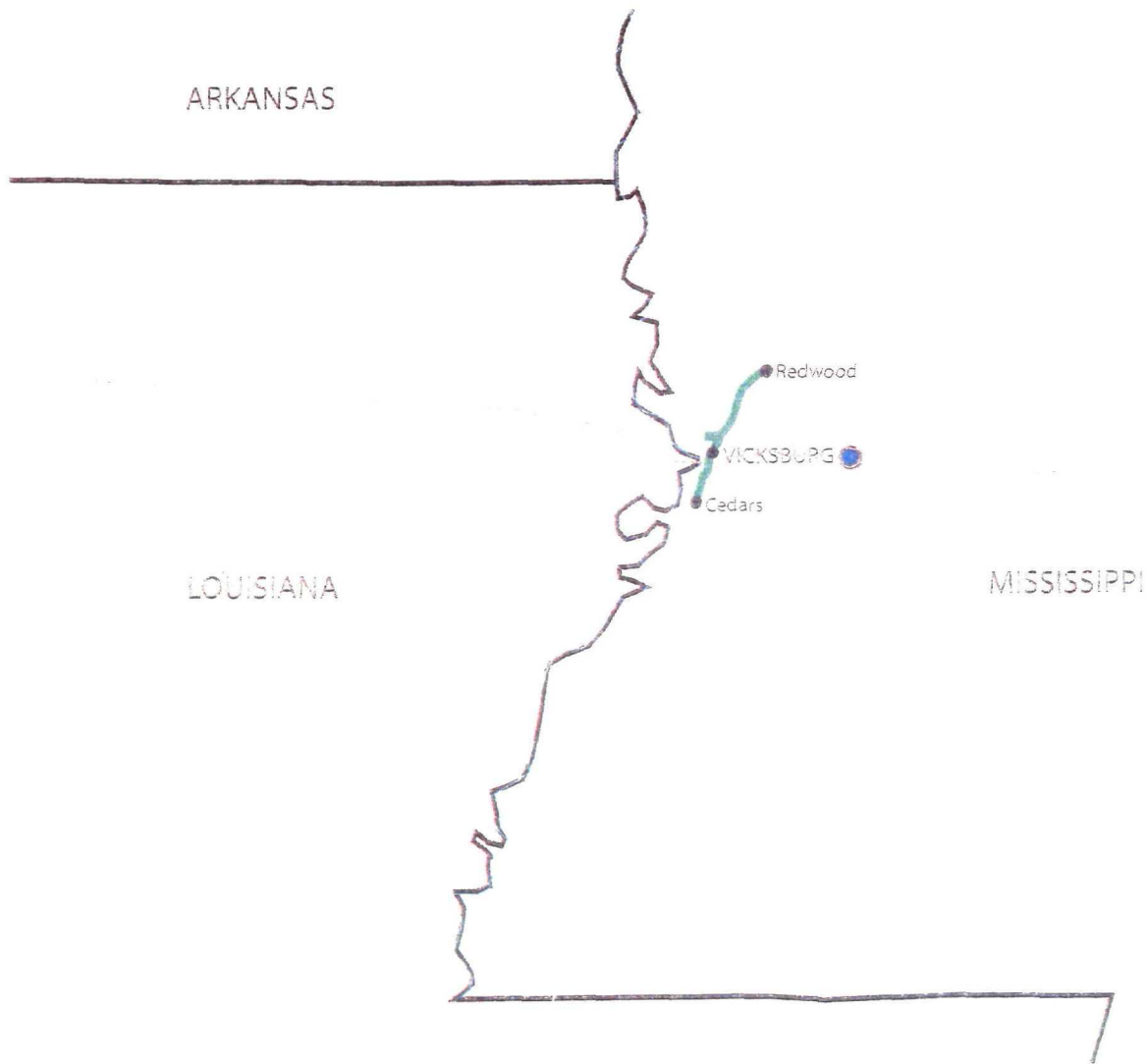
SRN - Bessmay

● Mechanical Services

● Switching Services

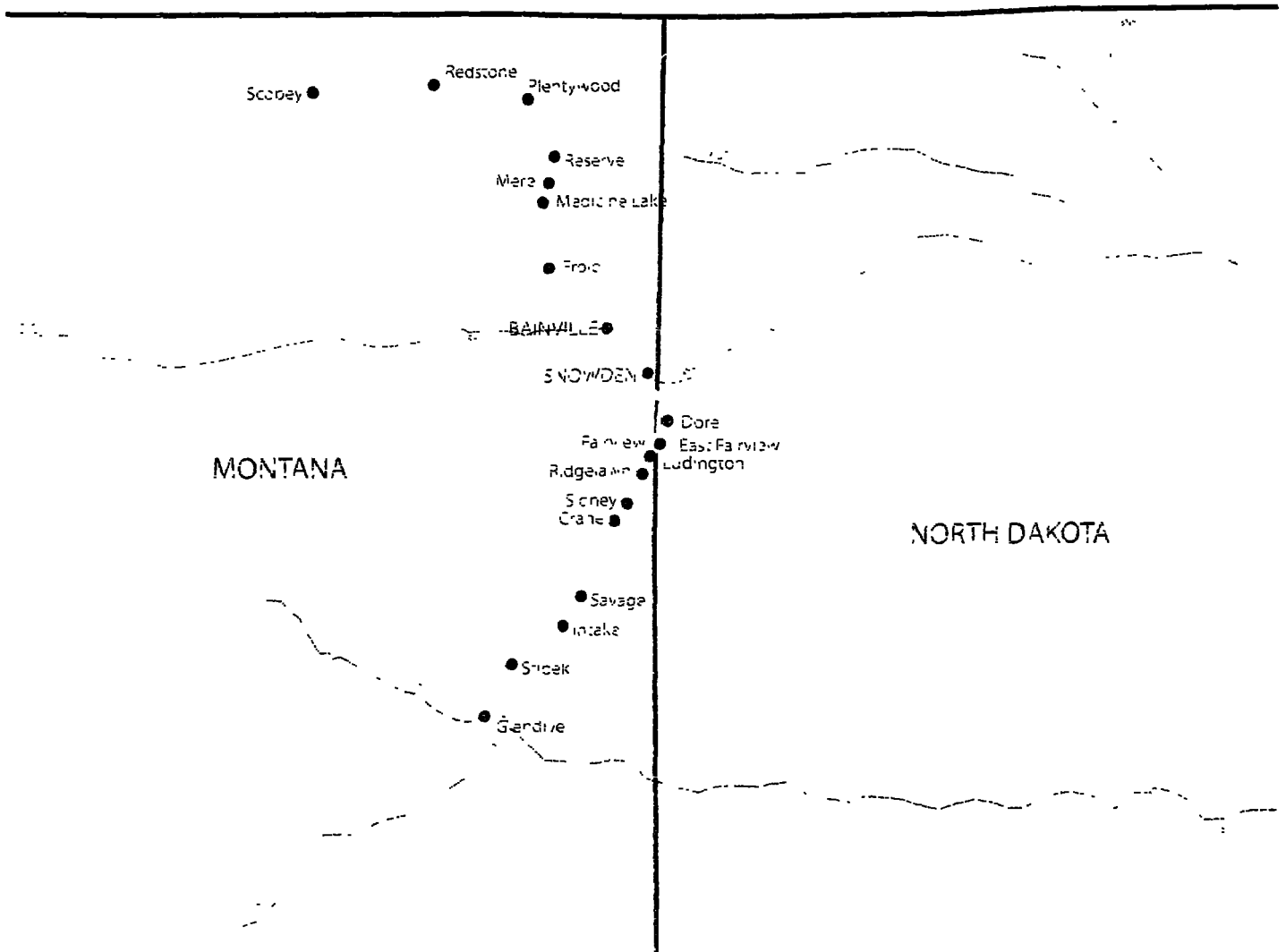
○ Transload/Warehouse Services

● Port Operations



LEGEND:
Vicksburg Southern RR - VSR
Interchanges - Track miles 21
- Vicksburg
● Mechanical Services

CANADA



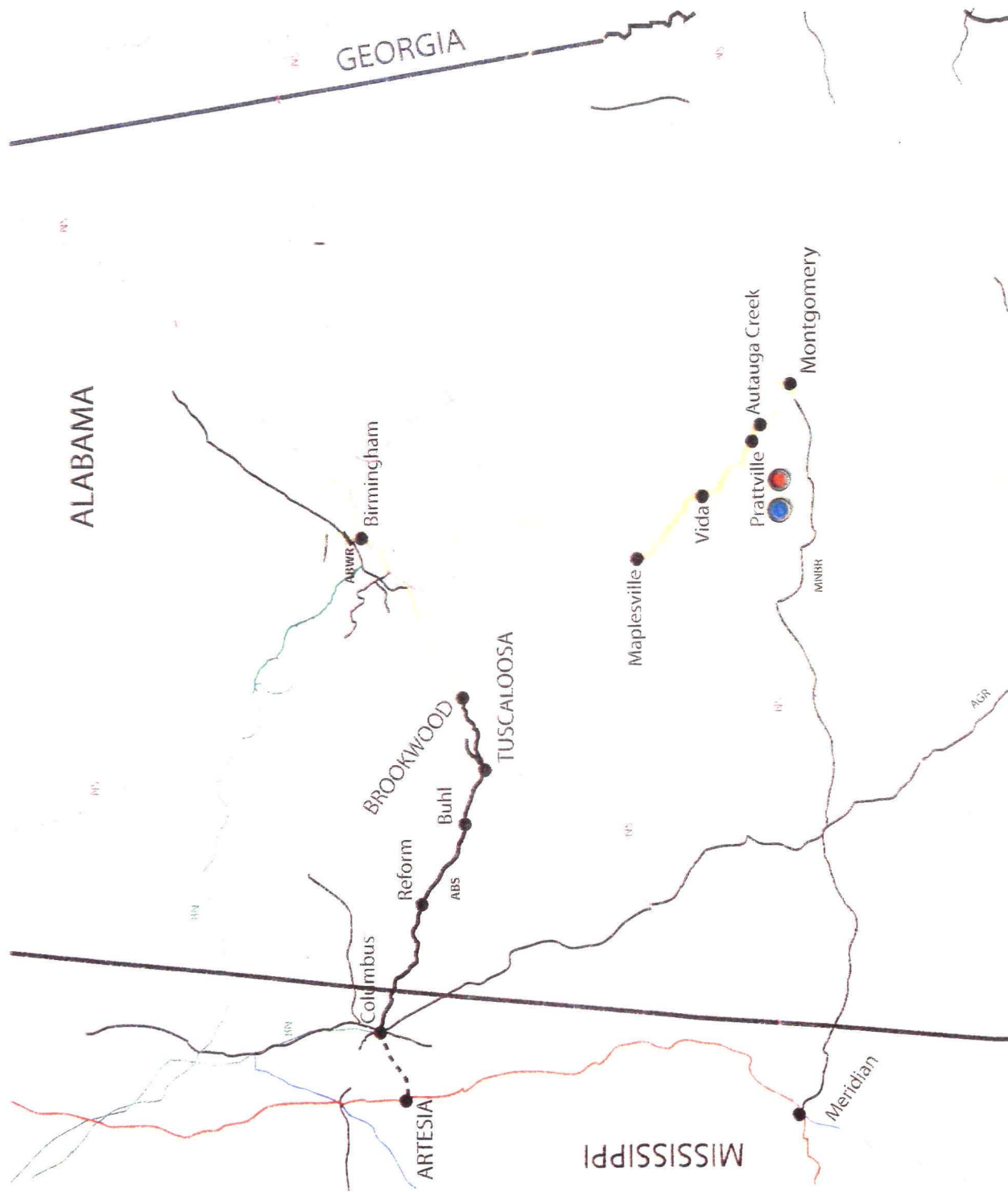
LEGEND:

Yellowstone Valley RR, S/A

Yellowstone Valley Trackage Rights

Interchanges - Track miles 173

●, ○ - Snowden, Bainville

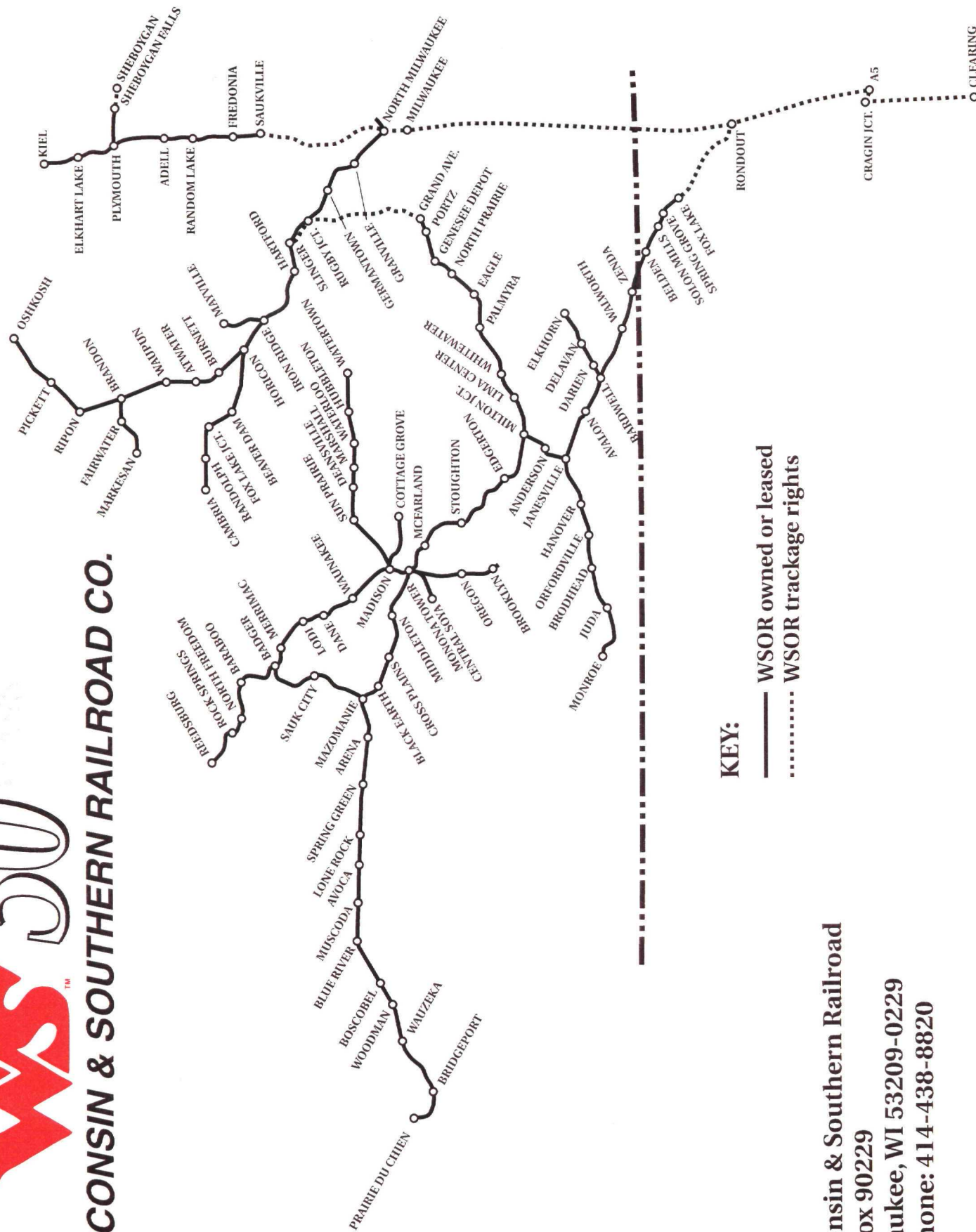


LEGEND:
Autauga Northern (AUI)
Autauga Northern Trackage Rights
Interchanges - Track miles 43.57
NS - Maplesville
- Montgomery

 Mechanical Services
 Switching Services



WISCONSIN & SOUTHERN RAILROAD CO.



Wisconsin & Southern Railroad
P.O. Box 90229
Milwaukee, WI 53209-0229
telephone: 414-438-8820

EXHIBIT 2

DRAFT

PURCHASE AGREEMENT

AMONG

WILLIAM E. GARDNER, (Shareholder)

WSOR HOLDINGS, INC (Newco)

and

WATCO TRANSPORTATION SERVICES, L.L.C., (Purchaser)

Dated as of [_____]

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PURCHASE AGREEMENT

This PURCHASE AGREEMENT ("Agreement") dated as of _____, 2011, among WILLIAM E. GARDNER ("Shareholder"), the individual shareholder of WSOR HOLDINGS, INC., a Wisconsin corporation ("Newco"), and WATCO TRANSPORTATION SERVICES, L.L.C., a Kansas limited liability company ("Purchaser"). Shareholder, Newco and Purchaser are collectively referred to as "Parties", or individually as a "Party."

RECITALS

A. Newco owns 100% of the outstanding membership interests of Wisconsin & Southern Railroad, L.L.C., a Wisconsin Limited Liability Company ("Company").

B. Purchaser desires to purchase from Newco, and Shareholder desires to cause Newco to sell to Purchaser, ninety (90%) percent of all the issued and outstanding ownership and membership interests of Company. The interests of Company to be purchased by Purchaser as provided for above shall be collectively referred to herein as the "Purchased Interests" and the outstanding ownership interests of the Company shall be referred to as the "Interests." The above is more fully summarized in the attached Exhibit A. Accordingly, the parties hereby agree as follows:

ARTICLE I

Purchase and Sale of Interests; Closing

SECTION 1.01 Purchase and Sale of the Interests. On the terms and subject to the conditions of this Agreement, at the Closing (as defined in Section 1.02), Newco shall sell, transfer and deliver to Purchaser, Shareholder shall cause Newco to sell, transfer and deliver to Purchaser, and Purchaser shall purchase from Newco, the Purchased Interests for the following consideration: [

] (the "Cash Payment") at Closing, subject to adjustment as provided in Sections 1.04.1 with such total payments being referred to as the "Purchase Price". The purchase and sale of the Purchased Interests is referred to in this Agreement as the "Acquisition". For the avoidance of doubt, all amounts referenced in this Agreement are in United States dollars.

SECTION 1.02 Closing Date. The closing of the Acquisition (the "Closing") shall take place at the offices of Purchaser, at 10:00 a.m. on the second business day following notice from either party of the satisfaction (or, to the extent permitted, the waiver) of the conditions set forth in Section 6.01, or, if on such day any condition set forth in Section 6.02 has not been satisfied (or, to the extent permitted, waived by the party entitled to the benefit thereof), as soon as practicable after all the conditions set forth in such Section 6.02 have been satisfied (or, to the extent permitted, waived by the parties entitled to the benefits thereof), or at such other place, time and date as shall be agreed between Shareholder and Purchaser. [

] unless extended by the mutual agreement of the parties hereto (the date on which the Closing occurs, the "Closing Date"). The Closing shall be effective as of 12:01 a.m. on the day immediately following the Closing Date or such other date as mutually agreed to by the Parties (the "Effective Time"). For the portion of time between the Closing

Date and prior to the Effective Time, other than transactions expressly contemplated hereby. Shareholder and NEWCO shall cause Company to carry on the business of the Company and its predecessors in interest only in the ordinary course in the same manner as previously conducted by Northern, GRC and WSOR, Inc. (all as defined below in Section 1.03(a)(iv)). At present, the Parties plan to pre-close into escrow on [].

SECTION 1.03 Transactions to Be Effected at the Closing. At the Closing:

(a) Shareholder shall deliver or cause Newco to deliver to Purchaser or its designee the following:

(i) certificates representing the Purchased Interests in Company as set forth in this Agreement, duly endorsed in blank or accompanied by share powers duly endorsed in blank in proper form for transfer, with appropriate transfer tax stamps, if any, affixed;

(ii) a certificate that the Acquisition is exempt from withholding pursuant to the Foreign Investment in Real Property Tax Act;

(iii) certificate(s) signed by the Shareholder, a duly authorized officer of Newco, and a duly authorized officer of Company certifying that the conditions specified in Section 6.02(a) and (b) have been fulfilled; and

(iv) Documents reasonably acceptable to Purchaser evidencing the following have occurred prior to the Closing Date, with each step enumerated having occurred at least one business day prior to the next enumerated step: (1) liquidation of WSOR, LLC, as certified by the Wisconsin Secretary of State, (2) merger of Northern Rail Car Leasing, Inc., a Wisconsin corporation, ("Northern") and Gardner Realty Corporation, a Wisconsin corporation, ("GRC") with and into Wisconsin & Southern Railroad Co., a Wisconsin corporation, ("WSOR, Inc."), as certified by the Wisconsin Secretary of State, (3) formation of Newco, as certified by the Wisconsin Secretary of State, (4) contribution of all of the shares of WSOR, Inc. to Newco, as evidenced by a contribution agreement, (5) election by Newco for WSOR, Inc. to be treated as a qualified subchapter S subsidiary beginning on the date of the contribution, pursuant to section 1361(a)(3) of the Internal Revenue Code of 1986, as amended, (the "Code", and any reference to a section of the Code in this Agreement includes any predecessor section) as evidenced by a properly completed and timely filed Internal Revenue Service form 8869 ("Qualified Subchapter S Subsidiary Election") as effective as of the date of the contribution (and Shareholder and Newco shall deliver to Purchaser upon receipt an acceptance of such election by the Internal Revenue Service), and (6) the subsequent conversion of WSOR, Inc.

from a corporation into a limited liability company representing the Company, as certified by the Wisconsin Secretary of State.

(v) Documents reasonably acceptable to Purchaser that all legal and tax registrations, withdrawals, filings, and fees have been made, filed or paid, and such items have been accepted by appropriate jurisdictions, related to the transactions described in section 1.03(a)(iv).

(vi) Documents reasonably acceptable to Purchaser that all of the shares of WSOR, Inc. previously owned by Stephanie Schladweiler shall have been purchased by the Shareholder.

(b) In addition to the foregoing, at the Closing, Shareholder or Newco will pay or cause to be paid (which payment shall be made by directing a portion of the Purchase Price thereto) and shall provide reasonable evidence thereof to Purchaser of payment of:

(i) all indebtedness of the Company, including, but not limited to, all notes payable, liability for pre-Closing Taxes, mortgages, term loans, revolver borrowings, and any fees and expenses relating thereto but excluding any debt and any other liability included in the net working capital calculations contemplated by Section 1.04.1 below and indebtedness owed to the State of Wisconsin (or any agency or instrumentality thereof including, without limitation, to the East Wisconsin Counties Railroad Consortium, the Wisconsin River Rail Transit Commission, and the Pccatonica Rail Transit Commission).

(ii) all outstanding fees and expenses of the professional advisors to Shareholder, Newco or Company for services up and to the Closing Date.

(iii) all filing, registration or other fees, expenses, and Taxes related to the transactions described in section 1.03(a)(iv).

(c) Purchaser shall deliver or cause to be delivered to Newco the following:

(i) payment, by wire transfer, of immediately available funds to the parties referenced in subsection 1.03(b), in an amount (not exceeding the aggregate Purchase Price) equal to any amounts under subsection (b) being paid from the Purchase Price proceeds (the "Third Party Payments");

(ii) payment, by wire transfer to a bank account(s) in the amounts designated in writing by Newco, of immediately available funds totaling an amount equal to (w) the Cash Payment (reduced by the Third Party Payments): plus or minus (x) ninety (90%) percent of the amount by which the Estimated Working Capital (as defined in Section 1.04.1(b) below) exceeds or is less than the Maximum Working Capital Threshold or Minimum Working Capital Threshold, as applicable (both as defined

hereinafter in Section 1.04.1(a)), which such net excess or deficiency shall be calculated by the Company and shared with Purchaser at least two business days prior to the Closing Date (the "Preliminary Working Capital Purchase Price Adjustment"); minus (y) the Earnest Deposit (as defined in Section 1.04.2) to the extent distributed to Newco or Shareholder; minus (z) the amount of any loans by the Company to the Shareholder or to Newco (which shall be deemed paid in full by such reduction); and

(iii) a certificate signed by a duly authorized officer of Purchaser certifying that the conditions specified in Section 6.03 have been fulfilled.

SECTION 1.04 Purchase Price Adjustment and Earnest Deposit.

Section 1.04.1 Working Capital

(a) It is the parties' intent that the Purchase Price shall be increased by 90% of the amount, if any, by which the Closing Working Capital [] (the "Maximum Working Capital Threshold") and decreased by 90% of the amount, if any, by which the Closing Working Capital is [] (the "Minimum Working Capital Threshold"). such adjustment being referred to as the "Final Working Capital Purchase Price Adjustment". For purposes of this Agreement, the Maximum Working Capital Threshold and the Minimum Working Capital Threshold represent [] the approximate Working Capital of the Company as of October 31, 2011 (the "Preliminary Working Capital").

(b) At least two business days prior to the Closing Date, the Shareholder shall cause the Company to deliver to Purchaser a good faith estimate (the "Estimated Working Capital") of the Closing Working Capital (as defined below) and the Preliminary Working Capital purchase Price Adjustment along with a summary showing in reasonable detail the Company's calculation of such amounts. The Cash Payment shall be adjusted upwards or downwards, as appropriate, in an amount equal to 90% of each dollar to the extent the Estimated Working Capital exceeds the Maximum Working Capital Threshold or is less than the Minimum Working Capital Threshold.

(c) Within 60 days after the Closing Date, Purchaser shall prepare and deliver to Shareholder (on behalf of Shareholder and Newco) a statement (the "Statement"), setting forth the Working Capital (as defined in Section 1.04.1(f)) of the Company as of the close of business on the Closing Date ("Closing Working Capital") along with a summary showing in reasonable detail the Purchaser's calculation of such amount together with a certificate of Purchaser that the Statement has been prepared in compliance with the requirements of this Section 1.04.1.

(d) During the 30-day period following Shareholder's receipt of the Statement, Shareholder and his independent auditors or other advisors shall have the right to review all relevant documents relating to preparation of the Statement. The Statement shall become

final and binding upon the parties on the 30th day following actual delivery thereof to Shareholder unless Shareholder give written notice of his disagreement with the Statement (a "Notice of Disagreement") to Purchaser prior to such date. Any Notice of Disagreement shall (i) specify in reasonable detail the nature of any disagreement so asserted, and (ii) only include disagreements which are based on the Statement not having been prepared in accordance with this Section 1.04.1 or which are based on mathematical errors. If a Notice of Disagreement is received by Purchaser in a timely manner, then the Statement (as revised in accordance with this sentence) shall become final and binding upon Purchaser and Shareholder on the earlier of (A) the date Purchaser and Shareholder resolve in writing any differences they have with respect to the matters specified in the Notice of Disagreement and (B) the date any disputed matters are finally resolved in writing by the Accounting Firm (as defined below). During the 30-day period following the delivery of a Notice of Disagreement, Purchaser and Shareholder shall meet to resolve any differences that they may have with respect to the matters specified in the Notice of Disagreement. During such period, Purchaser and its auditors or other advisors shall have access to the working papers of Shareholder's auditors or other advisors prepared in connection with their certification of the Notice of Disagreement. At the end of such 30-day period if not resolved by the Parties, Purchaser and Shareholder shall submit to an independent accounting firm (the "Accounting Firm") for arbitration any and all matters that remain in dispute and were properly included in the Notice of Disagreement. The Accounting Firm shall be an independent public accounting firm as shall be agreed upon by the parties. Purchaser and Shareholder agree to use reasonable efforts to cause the Accounting Firm to render a decision resolving the matters submitted to the Accounting Firm within 30 days. Judgment may be entered upon the determination of the Accounting Firm in any court having jurisdiction over the party against which such determination is to be enforced. The cost of any arbitration (including the fees and expenses of the Accounting Firm and reasonable attorney fees and expenses of the parties) pursuant to this Section 1.04.1 shall be borne by Shareholder and Purchaser in inverse proportion as they may prevail on matters resolved by the Accounting Firm, which proportionate allocations shall also be determined by the Accounting Firm at the time the determination of the Accounting Firm is rendered on the merits of the matters submitted. Irrespective of the above, the fees and disbursements of Purchaser's independent auditors and other advisors incurred in connection with their review of the Statement and review of any Notice of Disagreement shall be borne by Purchaser, and the fees and disbursements of Shareholder's independent auditors or other advisors incurred in connection with their review of the Statement and certification of any Notice of Disagreement shall be borne by Shareholder.

(c) The Purchase Price shall be increased by the amount by which the Final Working Capital Purchase Price Adjustment exceeds the Preliminary Working Capital Purchase Price Adjustment, and the Purchase Price shall be decreased by the amount by which the Final Working Capital Purchase Price Adjustment is less than Preliminary Working Capital Purchase Price Adjustment (the Purchase Price as so increased or decreased shall hereinafter be referred to as the "Adjusted Purchase Price") and recognition shall be given to the fact that any adjustment might be positive or negative. By way of example only, if the Final Working Capital Purchase Price Adjustment is positive and the Preliminary Working Capital Purchase Price Adjustment is negative, the adjustment to the Purchase Price hereunder shall be the difference in such amounts which result from the subtraction of a negative amount

from a positive amount. If the Final Working Capital Purchase Price Adjustment is in excess of the amount of the Preliminary Working Capital Purchase Price Adjustment, Purchaser shall, within ten days after the Statement becomes final and binding on the parties, make payment to Newco by wire transfer in immediately available funds of the amount of such excess, together with interest thereon at a rate equal to the rate of interest from time to time announced publicly by Citibank, N.A. as its prime rate calculated based upon the actual number of days elapsed from the Closing Date to the date of payment, without compounding. If the Final Working Capital Purchase Price Adjustment is less than the amount of the Preliminary Working Capital Purchase Price Adjustment, Shareholder shall, within ten days after the Statement becomes final and binding on the parties, make payment, or cause Newco to make payment to Purchaser by wire transfer in immediately available funds of the amount of such difference, together with interest thereon at a rate equal to the rate of interest from time to time announced publicly by Citibank, N.A., as its prime rate calculated based upon the actual number of days elapsed from the Closing Date to the date of payment, without compounding.

(f) The term "Working Capital" means Current Assets minus Current Liabilities. The terms "Current Assets" and "Current Liabilities" mean the combined current assets and combined current liabilities, respectively, of the Company as of the specified date, calculated in the same manner and using the same methods and accounts used in determining the amount of each of such items in determining the Estimated Working Capital. Without limiting the generality of the foregoing, Closing Working Capital shall be calculated in the same manner. The scope of the disputes to be resolved by the Accounting Firm shall be limited to whether such calculation was done in accordance with the foregoing and whether there were mathematical errors in the Statement, and the Accounting Firm is not to make any other determination.

(g) During the period of time from and after the Closing Date, through the resolution of any adjustment to the Purchase Price contemplated by this Section 1.04.1, Purchaser shall afford, and shall cause the Company to afford, to Shareholder and any accountants, counsel or financial advisors retained by Shareholder in connection with any adjustment to the Purchase Price contemplated by this Section 1.04.1, reasonable access during normal business hours to all the properties, books, contracts, personnel and records of the Company and the Subsidiaries relevant to the adjustment contemplated by this Section 1.04.1.

Section 1.04.2 Earnest Deposit.

Purchaser has caused [] to be deposited with an escrow agent as an earnest money deposit ("Earnest Deposit") pursuant to that certain "Escrow Agreement" attached hereto as Exhibit B. Said Earnest Deposit shall be paid to Newco or Shareholder, as designated in Section 1.03(c) above, and applied against the Purchase Price to reduce the Cash Payment at Closing. If Purchaser fails to close the Acquisition as provided for herein (a) due to Purchaser's failure to perform and comply in all material respects with its obligations and covenants required by this Agreement to be performed or complied with by Purchaser (except as caused by Shareholder, Newco or Company) by the time indicated herein or (b) after Shareholder or

Newco have undertaken the restructuring actions contemplated by Section 1.03(a)(iv), the Earnest Deposit shall be forfeited to Shareholder as a liquidated damage pursuant to the terms of the Escrow Agreement. If the Acquisition provided for herein fails to close for any other reason(s), the escrow agent shall return the Earnest Deposit pursuant to the terms of the Escrow Agreement.

SECTION 1.05 Purchase Price Allocation and Treatment for Tax Purposes

(a) The Shareholder, WSOR, Inc., Newco, and the Company shall treat the contribution of the shares of WSOR, Inc. to Newco, and related transactions, as described in Situation 1 of Revenue Ruling 2008-18, 2008-13 I.R.B. 674 (3/31/2008).

(b) The Parties shall treat the purchase and sale of the Interests of the Company as described in Situation 1 of Revenue Ruling 99-5, 1999-6 I.R.B. 8 (2/8/99).

(c) The Purchase Price shall be allocated for purposes of sections 704 and 1060 of the Code, and Treasury Regulations section 1.704-1 (any reference to a section of the Treasury Regulations in this Agreement includes any predecessor section), among the assets of the Company as of the Closing Date in accordance with their respective fair market values pursuant to an estimated allocation (which shall include the estimated allocation to all Class VI and Class VII assets, as those terms are described in Treasury Regulations section 1.338-6, in one aggregate amount) schedule prepared by Purchaser and submitted to Shareholder (on behalf of themselves and Newco) within 5 days prior to the Closing Date for review and approval. Such allocation schedule shall be consistent with the values described in Schedule 1.05(a) and shall be prepared in accordance with the methodology set forth in Schedule 1.05(b). The Purchaser shall provide the final allocation to the Shareholder as soon as reasonably possible after the Closing Date for Shareholder's approval, which such allocation shall be prepared consistently with the estimated allocation. If the Shareholder does not agree with the final allocation such dispute shall be resolved using the same dispute resolution process set forth in Section 1.04.1(d). None of the Parties shall take a position on any income Tax return, before any Governmental Entity charged with the collection of any income Tax, or in any judicial proceeding that is in any way inconsistent with the allocation determined in accordance with this Section 1.05, and shall file any form with the Internal Revenue Service in a manner consistent with the allocation determined in accordance with this Section 1.05. The Parties shall treat any payments made pursuant to the indemnification provisions of this Agreement as an adjustment to the allocation for such Tax purposes, except to the extent otherwise required by the Code including any amount required to be treated as original issue discount.

ARTICLE II

Representations and Warranties Relating to Shareholder and the Interests

Shareholder and Newco, jointly and severally, represent and warrant to Purchaser as follows:

SECTION 2.01 Authority; Execution and Delivery; Enforceability. Shareholder and Newco have full power and authority to execute this Agreement and the other agreements and instruments executed and delivered in connection with this Agreement (the "Ancillary Agreements") to which they are, or are specified to be, a party and to consummate the Acquisition and the transactions contemplated hereby. Shareholder and Newco have duly executed and delivered this Agreement and prior to the Closing will duly execute and deliver each Ancillary Agreement to which they are, or are specified to be, a party, and this Agreement constitutes, and each Ancillary Agreement to which they are, or are specified to be, a party will after the Closing constitute, their legal, valid and binding obligation, enforceable against them in accordance with its terms.

SECTION 2.02 Consents. To their knowledge, no material consent, approval, license, permit, order or authorization ("Consent") of, or material registration, declaration or filing with, any Federal, provincial, state, local or foreign government or any court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality, domestic or foreign (a "Governmental Entity") is required to be obtained or made by or with respect to Shareholder or Newco in connection with the execution, delivery and performance of this Agreement or any Ancillary Agreement or the consummation of the Acquisition other than: (A) any necessary compliance with and filings with the Surface Transportation Board ("STB") and under the Hart Scott Rodino Act ("HSR Act"); and (B) those that may be required solely by reason of Purchaser's (as opposed to any other third party's) participation in the Acquisition and the transactions contemplated hereby and by the Ancillary Agreements.

SECTION 2.03 The Interests. Newco has good title to the Purchased Interests and Interests, free and clear of all Liens (as defined in Section 3.06 below). Upon delivery to Purchaser at the Closing of certificates representing the Purchased Interests, duly endorsed by Newco for transfer to Purchaser, and upon Newco's receipt of the Cash Payment, good title to the Purchased Interests will pass to Purchaser, free and clear of any Liens, other than those arising from acts of Purchaser or its Affiliates (as defined below). Other than this Agreement and the Company's Operating Agreement, the Purchased Interests and Interests are not subject to any voting trust agreement or other agreement, including, without limitation, any Contract restricting or otherwise relating to the voting, dividend rights or disposition of the Purchased Interests. For purposes of this Agreement, "Affiliate" of any person means another person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first person.

ARTICLE III

Representations and Warranties Relating to the Company

Shareholder and Newco, jointly and severally, hereby represent and warrant to Purchaser as follows:

SECTION 3.01 Organization and Standing; Books and Records.

(a) The Company is a limited liability company duly organized and validly existing under the laws of the State of Wisconsin. Company has the requisite limited liability company power and authority and possesses all governmental franchises, licenses, permits, authorizations and approvals necessary to enable it to own, lease or otherwise hold its properties and assets and to carry on its business as presently conducted, other than such franchises, licenses, permits, authorizations and approvals the lack of which, individually or in the aggregate are not material to the conduct of the business of the Company as presently conducted. The Company is duly qualified and in good standing to do business as a foreign corporation in each jurisdiction in which the conduct or nature of its business or the ownership, leasing or holding of its properties makes such qualification necessary, except such jurisdictions where the failure to be so qualified or in good standing, would not have a Company Material Adverse Effect (as defined in Section 3.04 below). A list of the jurisdictions in which the Company is so qualified is set forth in Schedule 3.01.

(b) The Company has delivered to Purchaser true and complete copies of the articles of organization and operating agreement, each as amended to date, of the Company.

SECTION 3.02 Ownership Interests of the Company.

(a) The Interests represent all of the outstanding ownership interests in the Company. Except for the Interests, there are no other outstanding membership interest or other form of ownership or other equity securities or interests of the Company issued, reserved for issuance or outstanding. Schedule 3.02 sets forth for the Company its authorized ownership interests, and the record and beneficial owners of such outstanding ownership interests. The Interests are duly authorized, validly issued, fully paid and nonassessable and not subject to any preemptive right, subscription right or any similar right. Except as set forth above, as of the date of this Agreement, there are not any options, warrants, rights, convertible or exchangeable securities, "phantom" stock rights, stock appreciation rights, stock-based performance units, commitments, Contracts, arrangements or undertakings of any kind to which the Company is a party or by which any of them is bound (i) obligating the Company to issue, deliver or sell, or cause to be issued, delivered or sold, ownership interests or other equity interests in, or any security convertible or exercisable for or exchangeable into any ownership interest or other equity interest in, the Company or (ii) obligating the Company to issue, grant, extend or enter into any such option, warrant, call, right, security, commitment, Contract, arrangement or undertaking.

(b) The Company does not own, directly or indirectly, any capital stock, membership interest, partnership interest, joint venture interest or other equity interest in any individual, firm, corporation, partnership, limited liability company, trust, joint venture, Governmental Entity or other entity ("Person").

SECTION 3.03 [Reserved.]

SECTION 3.04 No Conflicts; Consents. Except as set forth in Schedule 3.04, the execution and delivery by Shareholder and Newco of this Agreement do not, the execution and delivery by Shareholder or the Company of each Ancillary Agreement to which it is, or is specified to be, a party will not, and the consummation of the Acquisition and the

transactions contemplated hereby and compliance by Shareholder and the Company with the terms hereof and thereof will not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or result in the creation of any Lien upon any of the properties or assets of the Company under (i) the articles of organization or operating agreement of the Company, (ii) any Contract to which the Company is a party or by which any of its respective properties or assets is bound or (iii) any judgment, order or decree ("Judgment") or statute, law, ordinance, rule or regulation ("Applicable Law") applicable to the Company or its respective properties or assets, other than, any such items that, individually or in the aggregate, have not had and would not reasonably be likely to have a Company Material Adverse Effect. No Consent of, or material registration, declaration or filing with, any Governmental Entity is required to be obtained or made by or with respect to the Company or any Subsidiary in connection with the execution, delivery and performance of this Agreement or any Ancillary Agreement or the consummation of the Acquisition or the transactions contemplated hereby, other than: (A) any necessary compliance with and filings with the SIB and under the HSR Act; and (B) those that may be required solely by reason of Purchaser's (as opposed to any other third party's) participation in the Acquisition and the transactions contemplated hereby and by the Ancillary Agreements. For purposes of this Agreement "Company Material Adverse Effect" shall mean any development that, individually or in the aggregate, (a) constitutes or would be reasonably expected to result in a material adverse effect on the business or financial condition of the Company taken as a whole, or (b) prevents the Company from consummating the transactions contemplated by this Agreement; provided, however, none of the following shall be taken into account in determining whether there has been a Company Material Adverse Effect: (i) changes in conditions in the United States or the capital or financial markets or the world economy generally and which changes do not have a disproportionately adverse effect on the Company relative to its industry peers; (ii) changes in general legal, regulatory, political, economic or business conditions or changes in GAAP and which changes do not have a disproportionately adverse effect on the Company relative to its industry peers; (iii) acts of God or any hostilities, acts of war, sabotage, terrorism or military actions, or any escalation or worsening of any such hostilities and which changes do not have a disproportionately adverse effect on the Company relative to its industry peers; (iv) any failure to meet internal or published projections, estimates or forecasts of revenues, earnings or other measures of financial or operating performance for any period; and (v) the announcement, execution, performance or consummation of this Agreement or the transactions contemplated by this Agreement.

SECTION 3.05 Financial Statements.

(a) Schedule 3.05 sets forth (i) the audited Combined Balance Sheets of WSOR, Inc. as of December 31, 2009 and 2010 and the audited Combined Statements of Income of WSOR, Inc. for the years ended December 31, 2009 and 2010 and (ii) the unaudited Combined Balance Sheet of WSOR, Inc. as of October 31, 2011 (the "Balance Sheet") and the unaudited Combined Statement of Income for the ten months ended October 31, 2011 (the foregoing financial information in (i) and (ii) of this Section 3.05(a) are herein collectively referred to as the "Financial Statements"). The Financial Statements have been prepared in conformity with GAAP (except in each case as described in the notes thereto) and on that basis fairly present in all material respects (subject, in the case of the

unaudited statements, to normal year-end audit adjustments and the absence of notes thereto) the combined financial condition, results of operations and cash flows of the Company as of the respective dates thereof and for the respective periods indicated.

(b) To the knowledge of Shareholder and the Company, the Company does not have any material liabilities or obligations of a nature required by GAAP to be reflected on a combined balance sheet of the Company or in the notes thereto that have had or would reasonably be likely to have a material effect on the conduct of the business of the Company as presently conducted, except (i) as disclosed, reflected or reserved against in the Balance Sheet and the notes thereto, (ii) for items set forth in Schedule 3.05, (iii) for liabilities and obligations incurred in the ordinary course of business since the date of the Balance Sheet and (iv) those liabilities that are the subject of another representation or warranty set forth in this Article III and are specifically disclosed pursuant to such other representation or warranty or are not required to be disclosed, whether because such other representation or warranty is limited or qualified with respect to time, dollar amount, knowledge of Shareholder or the Company, materiality or any similar qualification. This representation shall not be deemed breached as a result of a change in law after the Closing Date.

SECTION 3.06 Assets Other than Real Property Interests and Intellectual Property.

(a) Except as set forth in Section 3.06, the Company has good and valid title to all the material assets reflected on the Balance Sheet or thereafter acquired, other than those set forth in Schedule 3.06 or sold, collected or otherwise disposed of since the date of the Balance Sheet in the ordinary course of business, in each case free and clear of all mortgages, liens, security interests, easements, covenants, rights of way, options, claims, restrictions or encumbrances (collectively, "Liens") except (i) mechanics', carriers', workmen's, repairmen's or other like Liens arising or incurred in the ordinary course of business, Liens arising under conditional sales contracts and equipment leases with third parties and Liens for Taxes that are not due and payable or that may thereafter be paid without penalty, provided that such Taxes are adequately reserved on the Statement when it is finalized in accordance with the provisions of Section 1.04.1 (the "Final Statement"), (ii) Liens that secure obligations that are reflected as liabilities on the Financial Statements or notes thereto or Liens the existence of which is referred to in the notes to the Financial Statements, (iii) Liens to secure obligations under workers compensation, unemployment insurance or similar laws, and (iv) other imperfections of title or encumbrances, if any, that, individually or in the aggregate, are not material to the conduct of the business of the Company as presently conducted (the Liens described above, together with the Liens referred to in clauses (ii) through (ix) of Section 3.07, are referred to collectively as "Permitted Liens").

(b) This Section 3.06 does not relate to real property or interests in real property, such items being the subject of Section 3.07, or to Intellectual Property (as defined below), such items being the subject of Section 3.08.

SECTION 3.07 Real Property. Schedule 3.07 sets forth a complete list of all real property and interests in real property owned in fee by the Company (individually, an "Owned Property") and all real property and interests in real property leased by the Company

(individually, a "Leased Property"). The Company has fee title to all Owned Property and a leasehold interest in all Leased Property (an Owned Property or Leased Property being sometimes referred to herein, individually, as a "Company Property"), in each case free and clear of all Liens, except (i) Permitted Liens, (ii) such Liens as are set forth in Schedule 3.07, (iii) leases, subleases and similar agreements set forth in Schedule 3.09, (iv) easements, covenants, rights-of-way and other similar restrictions of record, (v) any conditions that may be shown by a current, accurate survey or physical inspection of any Company Property, (vi) zoning, building and other similar restrictions, (vii) Liens that have been placed by any developer, landlord or other third party on property over which the Company has easement rights or on any Leased Property and subordination or similar agreements relating thereto, (viii) unrecorded easements, covenants, rights-of-way and other similar restrictions and (ix) for Liens that are not material to the conduct of the business of the Company as presently conducted.

SECTION 3.08 Intellectual Property. Schedule 3.08 sets forth a list of all material Intellectual Property (as defined below), owned, used or licensed to the Company other than unregistered designs and copyrights that, individually and in the aggregate, are not material to the conduct of the business of the Company as presently conducted. The Intellectual Property set forth on Schedule 3.08 is referred to in this Agreement as the "Company Intellectual Property". Except as set forth in Schedule 3.08, (i) to the knowledge of Shareholder and the Company, all the Company Intellectual Property has been duly registered in, filed in or issued by the appropriate Governmental Entity where such registration, filing or issuance is necessary for the conduct of the business of the Company as presently conducted and (ii) to the knowledge of Shareholder and the Company, the Company is the sole and exclusive owner of, and the Company has the right to use, without payment to any other person, all the Company Intellectual Property. For purposes of this Agreement, "Intellectual Property" means any patent (including all reissues, divisions, continuations and extensions thereof), patent application, patent right, trademark, trademark registration, trademark application, servicemark, trade name, business name, brand name, copyright, copyright registration, design, design registration, or any right to any of the foregoing.

SECTION 3.09 Contracts.

(a) Except as set forth in Schedule 3.09 and in the Financial Statements, the Company is not a party to or bound by any:

- (i) written employment;
- (ii) collective bargaining agreement or other contract with any labor organization, union or association;
- (iii) covenant not to compete that materially limits the conduct of the business of the Company as presently conducted;
- (iv) Contract (other than this Agreement) with (A) Shareholder or any Affiliate of Shareholder (other than the Company) that will survive the Closing or (B) any officer, director or employee of the

Company, Shareholder or any Affiliate of Shareholder (other than employment agreements covered by clause (i) above);

(v) lease, sublease or similar Contract with any person (other than the Company) under which the Company is a lessor or sublessor of, or makes available for use to any person (other than the Company), (A) any material Company Property or (B) any material portion of any premises otherwise occupied by the Company;

(vi) lease, sublease or similar Contract with any person (other than the Company) under which the Company is lessee of, or holds or uses, any machinery, equipment, vehicle or other tangible personal property owned by any person or, in any such case which has an aggregate future liability, as the case may be, in excess of \$25,000;

(vii) (A) continuing Contract for the future purchase of materials, supplies or equipment (other than purchase contracts and orders for inventory in the ordinary course of business), (B) management, service, consulting or other similar Contract or (C) advertising agreement or arrangement; in any such case which has an aggregate future liability after the Closing to any person in excess of \$25,000 and which liability is not included in the calculation of the Estimated Working Capital;

(viii) Contract which will survive the Closing under which the Company has borrowed any money from, or issued any note, bond, debenture or other evidence of indebtedness to, any person (other than the Company) or any note, bond, debenture or other evidence of indebtedness of the Company (other than in favor of the Company);

(ix) Contract which will survive the Closing under which (A) the Company or any of its Affiliates, has directly or indirectly guaranteed indebtedness, liabilities or obligations of the Company or (B) the Company has directly or indirectly guaranteed indebtedness, liabilities or obligations of any person, including the Company (in each case other than endorsements for the purpose of collection in the ordinary course of business);

(x) Contract under which the Company has, directly or indirectly, made any advance, loan, extension of credit or capital contribution to, or other investment in, any person (other than: (A) the Company, (B) extensions of trade credit in the ordinary course of business, and (C) de minimis loans to employees of the Company that total less than \$25,000 in aggregate);

(xi) material Contract granting a Lien upon any Company Property or any other asset;

(xii) a power of attorney;

(xiii) a Contract (including a purchase order), involving a future payment by the Company of more than \$75,000 per annum or extending for a term more than 180 days from the date of this Agreement (unless terminable without payment or penalty upon no more than 180 days' notice), other than purchase orders entered into in the ordinary course of business after the date of this Agreement;

(xiv) a Contract (including a sales order) involving the obligation of the Company to deliver products or services for payment of more than \$75,000 per annum or extending for a term more than 180 days from the date of this Agreement (unless terminable without payment or penalty upon no more than 180 days' notice), other than sales orders entered into in the ordinary course of business after the date of this Agreement;

(xv) a Contract for the sale of any material asset (other than inventory) of the Company (other than sales in the ordinary course of business or for an amount less than \$75,000 or the grant of any preferential rights to purchase any such asset (other than inventory) or requiring the consent of any party to the transfer thereof, other than any such Contract entered into in the ordinary course of business after the date of this Agreement;

(xvi) a Contract with any Governmental Entity;

(xvii) a Contract for any joint venture, partnership or similar arrangement;

(xviii) a Contract providing for the services of any dealer, distributor, sales representative, franchisee or similar representative by the Company that involves future payments in excess of \$75,000 during any 6 month period.

(b) Except as set forth in Schedule 3.09, to the knowledge of Shareholder and the Company, all Contracts listed in Schedule 3.09 are valid, binding and in full force and effect and are enforceable by the Company in accordance with their terms, except for such failures to be valid, binding, in full force and effect or enforceable that, individually or in the aggregate are not material to the conduct of the business of the Company as presently conducted. Except as set forth in Schedule 3.09, to the knowledge of Shareholder and the Company, the Company is not in breach or default in any material respect thereunder and, to the knowledge of Shareholder and the Company, no other party to any Contracts listed in Schedule 3.09 is in breach or default in any material respect thereunder, except for such noncompliance, breaches and defaults that, individually or in the aggregate are not material to the conduct of the business of the Company as presently conducted. Except as set forth in Schedule 3.09, to the knowledge of Shareholder and the Company, no Contracts require the consent or waiver of the other party thereto as a result of the Acquisition.

SECTION 3.10 Permits.

(a) Schedule 3.10 sets forth all material certificates, licenses, permits, authorizations and approvals ("Permits") issued to the Company and necessary to conduct business. Except as set forth in Schedule 3.10, to the knowledge of Shareholder and the Company, all such Permits are validly held by the Company, and the Company has complied in all material respects with the terms and conditions thereof.

(b) To Shareholder's knowledge, the Company possesses or has applied for all material Permits necessary to conduct the business of the Company as currently conducted, other than such Permits the absence of which, individually or in the aggregate are not material to the conduct of the business of the Company as presently conducted.

SECTION 3.11 Insurance. The Company maintains policies of fire and casualty, liability, directors and officers liability and other forms of insurance as are set forth on Schedule 3.11.

SECTION 3.12 Taxes. Except as set forth in Schedule 3.12:

(a) (i) the Company, including any predecessors in interest, has filed or has had filed on its behalf in a timely manner (within any applicable extension periods) all material Tax Returns (as defined below) required to be filed, (ii) all material Taxes with respect to taxable periods covered by such Tax Returns, have been timely paid in full or will be timely paid in full by the due date thereof and the most recent audited financial statements for the Company or any predecessor in interest reflect an adequate reserve for all Taxes payable by the Company and any predecessors in interest for all taxable periods and portions thereof through the date of such financial statements, (iii) there are no material liens for Taxes with respect to any of the assets or properties of the Company or any predecessor in interest other than any Permitted Liens, (iv) each such Tax Return is true, accurate and complete, and accurately reflects the liability for Taxes and all other material information required to be reported thereon and (v) there are no Tax Returns for any Pre-Closing Tax Period that have not been filed, other than those for a Straddle Period, including any such returns that have been properly extended. For purposes of this Agreement, "Tax Return" or "Tax Returns" shall mean all returns, declarations of estimated tax payments, reports, estimates, information returns and statements, including any related or supporting information with respect to any of the foregoing, filed or to be filed with any Taxing Authority in connection with the determination, assessment, collection or administration of any Taxes. For purposes of this Agreement, "Tax" or "Taxes" shall mean all Federal, provincial, state, county, local, municipal, foreign and other taxes, assessments, duties or similar charges of any kind whatsoever, including all corporate franchise, income, composite, sales, use, ad valorem, receipts, value added, profits, license, withholding, payroll, employment, excise, fuel, premium, property, public utility, capital gains, transfer, stamp, documentary, social security, alternative minimum, occupation, recapture and other taxes, and unclaimed property, and including all interest, penalties and additions imposed with respect to such amounts, and all amounts payable pursuant to any agreement or arrangement with respect to Taxes, including any such amount required to be paid on behalf of another party whether pursuant to an indemnification agreement, tax sharing agreement, or similar arrangement.

(b) During each entity's entire existence through the Closing Date (i) GRC and Northern have properly been treated as S corporations under section 1362 of the Code, (ii) WSOR, LLC has been properly treated as a disregarded entity as described in Treasury Regulations section 301.7701-3, (iii) WSOR, Inc., including any predecessor entity (except Wisconsin and Calumet Railroad Company, Inc., which was merged with and into WSOR, Inc. on September 2, 1997 with WSOR, Inc. being the surviving corporation, and had no impact on the status of WSOR, Inc. with respect to its treatment as an S corporation as described herein) has been properly treated as either an S corporation under section 1362 of the Code or a qualified subchapter S subsidiary as described in Section 1361(a)(3) of the Code, except prior to October 1, 1988, (iv) to Shareholder's knowledge, Newco has been properly treated as an S corporation under section 1362 of the Code, and (v) to Shareholder's knowledge, the Company has been properly treated as a disregarded entity pursuant to Treasury Regulation section 301.7701-3. The Internal Revenue Service, and each state or local taxing jurisdiction, have, and will, respect such treatment for income tax purposes for such periods.

(c) The Company, including any predecessor in interest, is not party to or bound by any tax sharing agreement, tax indemnity obligation or similar agreement, arrangement or practice with respect to Taxes (including any advance pricing agreement, closing agreement or other agreement relating to Taxes with any domestic, foreign, federal, provincial, national, state, county or municipal or other local government, any subdivision, agency, commission or authority thereof, or any quasi-governmental body exercising tax regulatory authority) (each, a "Taxing Authority").

(d) The Company is not required to include in a taxable period ending after the Closing Date taxable income attributable to income that accrued in a prior taxable period but was not recognized in any prior taxable period as a result of a change in accounting method pursuant to section 481(a) of the Code, nor could it be reasonably expected to be required to make by reason of a proposed or threatened change in accounting method or otherwise, any adjustment under section 481(a) of the Code.

(e) No property of the Company nor any predecessor in interest is "tax exempt use property" or "tax-exempt bond financed property" within the meaning of section 168(g) of the Code.

(f) (i) There are no outstanding agreements or waivers extending, or having the effect of extending, the statutory period of limitations applicable to any material Tax returns required to be filed with respect to the Company or any predecessor in interest, (ii) neither the Company nor any predecessor in interest has requested any extension of time within which to file any material Tax Return, which return has not yet been filed and (iii) no power of attorney with respect to any Tax Return has been executed or filed with any Taxing Authority by or on behalf of the Company or any predecessor in interest and is still in effect.

(g) The Company is not a real property holding company within the meaning of Section 897 of the Code.

(h) No issues have been raised in any Tax examination with respect to the Company or predecessor in interest which, by application of similar principles, could be expected to result in liability for Taxes for the Company for any subsequent period not so examined.

(i) Neither the Shareholder, Newco nor the Company (including any predecessors in interest) have received any notice of any action, dispute, claim or audit, or to the knowledge of the Shareholder or Newco, proposed or threatened against, or with respect to, the Company (including any predecessors in interest), in respect of any Taxes with respect to any period that is still open under any statute of limitation, nor have such parties submitted any voluntary disclosure to any such jurisdiction for any such period.

(j) The Company (including each predecessor in interest) has withheld and timely paid all Taxes required to have been withheld and paid and has complied with all information reporting and backup withholding requirements.

(k) The Company (including any predecessor in interest) has not been a "distributing corporation" (within the meaning of section 355(c)(2) of the Code) with respect to a transaction described in section 355 of the Code within the 5-year period ending as of the date of this Agreement.

(l) Neither the Company, nor any predecessor, has engaged in any "listed transactions" or substantially similar transaction pursuant to Treasury Regulations section 1.6011-4; and neither the Company, nor any predecessor, has engaged in any "reportable transactions" or substantially similar transaction as described in such regulation.

(m) There are no jurisdictions where Tax returns have not been filed that could result in a material amount of Tax owed.

The representations and warranties set forth in this Section 3.12 (Taxes) shall constitute the only representations and warranties made by Shareholder and Newco with respect to Taxes.

SECTION 3.13 Proceedings. Schedule 3.13 sets forth a list as of the date of this Agreement of each pending or, to the knowledge of Shareholder and the Company, threatened suit, action or proceeding ("Proceeding") with respect to which the Company or any predecessor in interest have been contacted in writing by counsel for the plaintiff or claimant or against the Company or any predecessor in interest or any of their assets and that (a) relates to or involves more than \$25,000, (b) seeks any injunctive relief or (c) relates to the transactions contemplated by this Agreement. No proceeding is pending or, to the Shareholder's knowledge, threatened against Shareholder that relates to or that may reasonably be expected to effect the transactions contemplated thereby. Neither the Company nor any predecessor in interest is a party or subject to or in default under any Judgment.

SECTION 3.14 Benefit Plans.

(a) Each material employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), maintained by the Company or to which the Company contributes (or has any obligation to contribute) or

is a party (collectively, the "Employee Benefit Plans") is listed on Schedule 3.14(a) attached hereto.

(b) Except as set forth on Schedule 3.14(b), or to the extent that any breach of the representations set forth in this sentence is not material to the conduct of the business of the Company as presently conducted: (i) each Employee Benefit Plan which is intended to be "qualified" within the meaning of Section 401(a) of the Code has received a favorable determination letter from the Internal Revenue Service (or has submitted, or is within the remedial amendment period for submitting, an application for a determination letter with the Internal Revenue Service and is awaiting receipt of a response); and (ii) the Company has paid and discharged all of its liabilities and obligations arising under ERISA or the Code of a character which, if unpaid or unperformed, would result in the imposition of a Lien against the properties or assets of the Company.

SECTION 3.15 Absence of Events. Except as set forth in Schedule 3.15, from the date of the Balance Sheet to the date of Closing, no event has occurred that would individually or in the aggregate be reasonably expected to result in a Company Material Adverse Effect.

SECTION 3.16 Compliance with Applicable Laws.

(a) To the knowledge of Shareholder and the Company, except as set forth in Schedule 3.16(a), the Company is in compliance in all material respects with all Applicable Laws, except for instances of noncompliance that, individually or in the aggregate are not material to the conduct of the business of the Company as presently conducted. This Section 3.16(a) does not relate to matters with respect to Taxes, which are solely the subject of Section 3.12, or to environmental matters, which are solely the subject of Section 3.16(b).

(b) Except as set forth in Schedule 3.16(b), (i) to the knowledge of Shareholder and the Company, the Company holds, and is in compliance with, all material Permits required for the Company to conduct its respective businesses under Environmental Laws (as defined below) as conducted on the Closing Date, and is in material compliance with all Environmental Laws, except for any instances of noncompliance which, individually or in the aggregate, have not had and would not reasonably be likely to be material to the conduct of the business of the Company as presently conducted, and (ii) the Company has not entered into or agreed to any court decree or order and is not subject to any Judgment relating to compliance with any Environmental Law or to investigation or cleanup of Hazardous Material (as defined below). For purposes of this Agreement, "Environmental Laws" means any and all Applicable Laws relating to the environment, preservation or reclamation of natural resources, or to the management, of Hazardous Materials; "Hazardous Materials" means (1) any and all radioactive materials or wastes, petroleum (including crude oil or any fraction thereof) or petroleum distillates, asbestos or asbestos containing materials, urea formaldehyde foam and (2) any other wastes, materials, chemicals or substances regulated pursuant to any Environmental Law.

The representations and warranties set forth in this Section 3.16 shall constitute the only representations and warranties by Shareholder and Newco with respect to compliance with laws (Section 3.16(a)) and compliance with Environmental Laws (Section 3.16(b)).

SECTION 3.17 **Employee and Labor Matters.**

(a) Except as set forth in Schedule 3.17(a) and for instances that, individually or in the aggregate, would not reasonably be likely to be material to the conduct of the business of the Company as presently conducted: (i) there is no labor strike, dispute, work stoppage or lockout pending, or, to the knowledge of Shareholder and the Company, threatened, against the Company; (ii) to the Shareholder's and Company's knowledge, the Company is not engaged in any unfair labor practice; (iii) there are not any unfair labor practice charges or complaints pending against the Company or any predecessor in interest, or, to the knowledge of Shareholder and the Company, threatened, before the National Labor Relations Board or National Mediation Board, as applicable; (iv) there are not any pending, or, to the knowledge of Shareholder and the Company, threatened, union grievances against the Company; and (v) there are not any pending, or, to the knowledge of Shareholder and the Company, threatened, charges against the Company or any of their current or former employees before the Equal Employment Opportunity Commission.

(b) Schedule 3.17(b) sets forth a list of all officers and other employees of the Company whose current annual salary (including bonus) is [REDACTED], together with the current job title or relationship to the Company and, except with respect to officers, the terms of whose employment is governed by a Contract listed in Schedule 3.09, the current annual salary (including bonus) for each such person, including a description of applicable bonus or benefit plans (other than those listed in Schedule 3.09 applicable to such persons). Except as set forth in Schedule 3.17(b), there no payments due or but for the passage of time owing to any employees or other third parties due to any change of control to Company.

SECTION 3.18 Transactions with Affiliates. Except as set forth in Schedule 3.18, no Contracts between the Company, on the one hand, and Shareholder or any of its Affiliates, on the other hand, will continue in effect subsequent to the Closing.

SECTION 3.19 Accounts; Safe Deposit Boxes; Powers of Attorney.
Schedule 3.19 sets forth (i) a true and correct list of all bank and savings accounts, certificates of deposit and safe deposit boxes of the Company and those persons authorized to sign thereon, (ii) true and correct copies of all corporate borrowing, depository and transfer resolutions and those persons entitled to act thereunder, and (iii) a true and correct list of all powers of attorney.

SECTION 3.20 Suppliers. Schedule 3.20 lists the ten (10) largest suppliers of the Company and its Subsidiaries taken as a whole and as of December 31, 2010. Except as set forth in Schedule 3.20, since the date of the Balance Sheet, there has not been (i) to the Company's knowledge, any material adverse change in the business relationship of the Company with any supplier of merchandise named in Schedule 3.20 or (ii) any change in any material term (including credit terms) of the supply agreements or related arrangements with any such supplier.

SECTION 3.21 Customers. Schedule 3.21 lists the ten (10) largest customers of the Company as of December 31, 2010. Except as set forth in Schedule 3.21, since the date of the Balance Sheet, there has not been (i) to the Company's knowledge, any material adverse change in the business relationship of the Company with any customer named in Schedule 3.21 or (ii) any change in any material term (including credit terms) of the sales agreements or related agreements with any such customer.

SECTION 3.22 Anti-takeover. To the extent applicable, the Company, its respective Board of Directors and Shareholder have taken all necessary action to ensure that any anti-takeover provisions applicable to the Company are not applicable to, or will not otherwise become effective as a result of, the transactions contemplated by this Agreement.

SECTION 3.23 Exclusivity of Representations and Warranties. The representations and warranties made by the Shareholder and Newco in Articles II and III are in lieu of and are exclusive of all other representations and warranties, including any implied warranties. The Shareholder and Newco hereby disclaim any such other or implied representations or warranties, notwithstanding the delivery or disclosure to Purchaser or its respective officers, directors, employees, agents or representatives of any documentation or other information (including any financial projections or other supplemental data).

ARTICLE IV

Representations and Warranties of Purchaser

Purchaser hereby represents and warrants to Shareholder and Newco as follows:

SECTION 4.01 Organization, Standing and Power. Purchaser is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized and has full company power and authority and possesses all governmental franchises, licenses, permits, authorizations and approvals necessary to enable it to own, lease or otherwise hold its properties and assets and to carry on its business as presently conducted.

SECTION 4.02 Authority; Execution and Delivery; and Enforceability. Purchaser has full power and authority to execute this Agreement and the Ancillary Agreements to which it is, or is specified to be, a party and to consummate the Acquisition and the transactions contemplated hereby. The execution and delivery by Purchaser of this Agreement and the Ancillary Agreements to which it is, or is specified to be, a party and the consummation by Purchaser of the Acquisition and the transactions contemplated hereby have been duly authorized. Purchaser has duly executed and delivered this Agreement and prior to the Closing will have duly executed and delivered each Ancillary Agreement to which it is, or is specified to be, a party, and this Agreement constitutes, and each Ancillary Agreement to which it is, or is specified to be, a party will after the Closing constitute, its legal, valid and binding obligation, enforceable against it in accordance with its terms.

SECTION 4.03 No Conflicts; Consents. The execution and delivery by Purchaser of this Agreement do not, the execution and delivery by Purchaser of each Ancillary Agreement to which it is, or is specified to be, a party will not, and the consummation of the Acquisition and the other transactions contemplated hereby and thereby and compliance by

Purchaser with the terms hereof and thereof will not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or to loss of a material benefit under, or result in the creation of any Lien upon any of the properties or assets of Purchaser or any of its subsidiaries under, any provision of (i) the certificate of organization or operating agreement of Purchaser or any of its subsidiaries, (ii) any Contract to which Purchaser or any of its subsidiaries is a party or by which any of their respective properties or assets is bound or (iii) any Judgment or Applicable Law applicable to Purchaser or any of its subsidiaries or their respective properties or assets. No Consent of or registration, declaration or filing with any Governmental Entity is required to be obtained or made by or with respect to Purchaser or any of its subsidiaries in connection with the execution, delivery and performance of this Agreement or any Ancillary Agreement or the consummation of the Acquisition or the other transactions contemplated hereby and thereby, other than: (A) any necessary compliance with and filings with the STB or under the HSR Act; and (B) those that may be required solely by reason of the participation of Shareholder and the Company (as opposed to any other third party) in the Acquisition and transactions contemplated hereby.

SECTION 4.04 Securities Act. The Purchased Interests purchased by Purchaser pursuant to this Agreement are being acquired for investment only and not with a view to any public distribution thereof, and Purchaser shall not offer to sell or otherwise dispose of the Purchased Interests so acquired by it in violation of the registration requirements of the Securities Act or any applicable state securities laws.

SECTION 4.05 Availability of Funds. At Closing, Purchaser will have cash available on hand and/or will have existing credit facilities that are sufficient to enable it to consummate the Acquisition as herein contemplated without further approval or consent.

SECTION 4.06 Litigation. There are no Proceedings pending or, to Purchaser's knowledge, threatened against or affecting Purchaser at law or in equity, or before or by any state or federal governmental authority, which could reasonably be expected to adversely affect Purchaser's performance under this Agreement or the other transaction documents to which Purchaser is a party or the consummation of the transactions contemplated hereby or thereby.

SECTION 4.07 No Known Breach. Purchaser has no knowledge of the existence of any material breach by the Shareholder or Newco of their representations and warranties set forth in Articles II and III.

SECTION 4.08 Solvency. Immediately after giving effect to the transactions contemplated hereby, Purchaser and each of its subsidiaries (including the Company) shall be able to pay their respective debts as they become due and shall own property which has a fair saleable value greater than the amounts required to pay their respective debts (including a reasonable estimate of the amount of all contingent liabilities). Immediately after giving effect to the transactions contemplated hereby, Purchaser and each of its subsidiaries (including the Company) shall have adequate capital to carry on their respective businesses.

ARTICLE V

Covenants

SECTION 5.01 Covenants Relating to Conduct of Business. Except for matters set forth in Schedule 5.01 or otherwise permitted by the terms of this Agreement, from the date of this Agreement to the Closing, the Company shall conduct and Shareholder and Newco shall cause Company to conduct Company's business in the usual, regular and ordinary course. In addition (and without limiting the generality of the foregoing), except as set forth in Schedule 5.01 or required by the terms of this Agreement including, without limitation, as contemplated by Section 1.03(a)(iv) above, the Company shall not do any of the following without the prior written consent of Purchaser:

(i) amend its Articles of Organization or Operating Agreement;

(ii) other than, prior to the Closing Date, a distribution to pay Taxes on taxable income allocated by the Company or a predecessor in interest, declare or pay any dividend or make any other distribution to its members whether or not upon or in respect of any shares or membership interests in excess of [];

(iii) (A) adopt or amend any Company Benefit Plan (or any plan that would be a Company Benefit Plan if adopted) or enter into, adopt, extend (beyond the Closing Date), or amend any collective bargaining agreement or other Contract with any labor organization, union or association, except in each case as required by Applicable Law;

(iv) grant to any executive officer any increase in compensation or benefits, except normal, recurring salary increases or bonuses or as may be required under existing agreements;

(v) pay, loan or advance any amount to, or sell, transfer or lease any of its assets to, or enter into any agreement or arrangement with, Shareholder or any company or person affiliated or controlled by them;

(vi) make any change in any method of accounting or accounting practice or policy other than those required by GAAP or applicable Tax Law;

(vii) acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other business organization or division thereof or otherwise acquire any assets (other than inventory) that are material;

(viii) sell, lease, or otherwise dispose of any of its material assets, except inventory and obsolete or excess equipment in the ordinary course of business;

(ix) enter into any lease of real property:

(x) modify, amend, terminate or permit the lapse of any material lease of, or reciprocal easement agreement, material operating agreement or other material agreement relating to, real property:

(xi) authorize any of, or commit or agree to take, whether in writing or otherwise, to do any of, the foregoing actions; or

(xii) make any capital expenditures in excess of [].

SECTION 5.02 Access to Information; Inspections. The Company shall afford to Purchaser and its accountants, counsel and other representatives reasonable access, upon reasonable notice during normal business hours during the period prior to the Closing, to all the personnel, books, contracts, commitments, Tax Returns, records of the Company and to the Company Property, and, during such period shall furnish promptly to Purchaser any information concerning the Company as Purchaser may reasonably request; provided, however, that such access does not unreasonably disrupt the normal operations of the Company.

SECTION 5.03 Confidentiality.

(a) Purchaser acknowledges that the information being provided to it in connection with the Acquisition, the terms of this Agreement and the consummation of the transactions contemplated hereby is subject to the terms of a confidentiality agreement between Purchaser and Company (the "Confidentiality Agreement"). the terms of which are incorporated herein by reference. Effective upon, and only upon, the Closing, the Confidentiality Agreement shall terminate.

(b) Shareholder and Newco shall keep confidential all information relating to the Company and its predecessors in interest, the terms of this Agreement and the consideration paid, except (i) as required by law or administrative process, (ii) as required to be provided to tax professionals for the filing of tax returns, and (iii) for information that is available to the public on the Closing Date, or thereafter becomes available to the public other than as a result of a breach of this Section 5.03(b).

SECTION 5.04 Commercially Reasonable Efforts.

(a) On the terms and subject to the conditions of this Agreement, each party shall use commercially reasonable efforts to cause the conditions set forth for the Closing to occur to be satisfied, including, without limitation, taking such commercially reasonable actions as are necessary to comply promptly with all legal requirements that may be imposed on it or any of its Affiliates with respect to the Closing. Without limiting the foregoing or the

provisions set forth in Section 5.04(b), each party shall use commercially reasonable efforts to cause the Closing to occur on or prior to [].

(b) Each party shall use commercially reasonable efforts to obtain, and to cooperate in obtaining, all consents from third parties necessary or appropriate to permit the consummation of the Acquisition; provided, however, that the parties shall not be required to pay or commit to pay any amount to (or incur any obligation in favor of) any person from whom any such consent may be required (other than nominal filing or application fees, or as required to complete the transactions described in Section 1.03(a)(iv)). The parties acknowledge that certain consents and waivers with respect to the transactions contemplated by this Agreement may be required from parties to the Contracts listed on the Schedules hereto and that receipt of certain of such consents and waivers shall be a condition to Closing unless waived by Purchaser.

SECTION 5.05 Expenses. Whether or not the Closing takes place, and except as set forth in Sections 5.08 and 9.03 and Article VIII, all costs and expenses incurred in connection with this Agreement and the Ancillary Agreements and the transactions contemplated hereby shall be paid by the party incurring such expense, including, without limitation, all costs and expenses incurred pursuant to Section 5.04. The Shareholder or Newco shall bear any transfer taxes incurred in connection with the sale of the Interests pursuant to this Agreement or arising out of or in connection with the other transactions contemplated hereby, including those transactions described in Section 1.03(a)(iv).

SECTION 5.06 Brokers or Finders. Each of Purchaser, Newco and Shareholder represents, as to itself and its Affiliates, that no agent, broker, investment banker or other firm or person is or will be entitled to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement.

SECTION 5.07 Tax Matters.

(a) Return Filings.

(i) Except with respect to Tax Returns described in Section 5.07(b)(ii) below, for (A) any Tax Return for any taxable period of the Company or WSOR, Inc. that includes (but does not end on) the Closing Date ("Straddle Period") and (B) any other Tax Return other than an income Tax Return of the Company or WSOR, Inc. which is due after the Closing Date and that has not been filed as of the Closing Date and includes any period prior to the Closing Date, the [Purchaser] shall cause the Company to timely prepare in a manner consistent with past practice and cause the appropriate entity to file with the appropriate Tax Authorities all such Tax Returns required to be filed and to pay the Tax reflected therein; provided, however, that upon reasonable written request by the Shareholder in advance of the due date of such Tax Return, the Shareholder shall have the right to review such Tax Returns for a reasonable period before they are filed and shall have a right to participate in the preparation of such Tax Returns and have full and

complete access to all back-up records relating thereto. If Shareholder disagrees with the treatment of any items on any such Tax Return, Shareholder and Purchaser shall meet within the next 30 days after notice has been provided by Shareholder as to such disagreement, and if not resolved by the end of such period, such dispute shall be resolved using the same dispute resolution process set forth in Section 1.04.1(d). The Company shall file such Tax Returns and pay Taxes due reflecting the result so determined with respect to such Tax Returns; provided, however, that the result shall be promptly reimbursed by the appropriate Party to the extent provided in accordance with Sections 1.04.1, 8.01, or 8.07(d) with respect to the taxable periods covered by such Tax Returns.

(ii) For (A) any Tax Return of GRC, Northern, Newco, or WSOR, LLC due after the Closing Date and that has not been filed as of the Closing Date or (B) any income Tax Return for a taxable period of the Company or WSOR, Inc. that ends on or before the Closing Date, but where a Tax Return is not due until after the Closing Date and has not been filed by such date, Shareholder shall timely prepare such Tax Returns in a manner consistent with past practice and cause the appropriate entity to file with the appropriate Tax Authorities all such Tax Returns required to be filed and to pay the Tax reflected therein; provided, however, that upon reasonable written request by the Purchaser in advance of the due date of such Tax Return distribute to Purchaser for its review and approval a draft of such Tax Return. If Purchaser disagrees with the treatment of any items on any such Tax Return, Shareholder and Purchaser shall meet within the next 30 days after notice has been provided by Purchaser as to such disagreement, and if not resolved by the end of such period, such dispute shall be resolved using the same dispute resolution process set forth in Section 1.04.1(d). The appropriate entity shall promptly file the Tax Return and pay Taxes when due reflecting the result as so determined with the appropriate Tax Authorities and pay all Taxes due with respect to such Tax Returns; provided, however that the result shall be promptly reimbursed by the appropriate Party to the extent provided in accordance with Sections 1.04.1, 8.01 or 8.07(d) with respect to the taxable periods covered by such Tax Returns.

(b) Cooperation. Shareholder, Newco, the Company and Purchaser shall reasonably cooperate, and shall cause their respective Affiliates, officers, employees, agents, advisors and representatives reasonably to cooperate, in preparing and filing all Tax Returns, including maintaining and making available to each other all records necessary in connection with Taxes and in resolving all disputes and audits with respect to all taxable periods relating to Taxes. Shareholder and its Affiliates will need access, from time to time, after the Closing Date, to accounting and Tax records and information held by the Company. Accordingly, Purchaser and the Company shall (i) properly retain and maintain such records until such time as Shareholder reasonably agrees that such retention and maintenance is no longer necessary but in no case longer than the date the applicable statute of limitations expires (as extended,

upon written request from Shareholder), and (ii) allow Shareholder and its agents and representatives (and agents or representatives of any of its Affiliates), at times and dates reasonably acceptable to the parties, to inspect, review and make copies of such records as Shareholder may deem necessary or appropriate from time to time, such activities to be conducted during normal business hours and at Shareholder's expense.

(c) Refunds, Credits and Assessments. Any refund or credit of Taxes of the Company or any predecessor in interest for any taxable period ending on or before the Closing Date, shall be for the account of Newco or Shareholder, except to the extent such amount is reflected as a receivable, or reduction to a payable, in Net Working Capital. Any refund or credit of Taxes of the Company for any taxable period beginning after the Closing Date, shall be for the account of the Company. Any refund or credit of Taxes of the Company or any predecessor in interest for any Straddle Period shall be apportioned between Newco and the Company in the manner provided in Section 8.01(c). Except to the extent that such amount was paid by Shareholder or Newco, or accrued as a component of Net Working Capital, any assessments of additional Taxes of the Company for any taxable period ending on or before the Closing Date, shall be for the account of Newco. Any assessments of additional Taxes of the Company for any taxable period beginning after the Closing Date, shall be for the account of the Company. Any assessments of Taxes of the Company or any predecessor in interest for any Straddle Period shall be apportioned between Newco and the Company in the manner provided in Section 8.01(c); provided, however, no such amount shall be apportioned to Newco to the extent that such amount was paid by Shareholder or Newco, or the Company on or prior to the Closing Date, or accrued as a component of Net Working Capital. The Company shall, if Shareholder so requests and at Shareholder's expense, cause the Company or any predecessor in interest to file for and obtain any refunds or credits to which Shareholder is entitled under this Section 5.07(c). For any taxable period prior to Closing, other than the Straddle Period, after consulting with the Purchaser and the Purchaser reasonably determining such acts will not unfavorably impact its tax position for a Straddle Period or any Post-Closing Period, Purchaser and the Company shall permit Shareholder to control the prosecution of any such refund claim and, where deemed appropriate by Shareholder, shall authorize by appropriate powers of attorney such persons as Shareholder shall designate to represent the Company or such predecessor in interest with respect to such refund claim. Each party shall, or shall cause its Affiliates to, forward to any other party entitled under this Section 5.07(c) to any refund or credit of Taxes any such refund promptly but not later than 5 days after such refund is received or reimburse such other party for any such credit promptly but not later than 5 days after the credit is allowed or applied against other Tax liability. The parties shall treat any refunds or payments under the preceding sentence as an adjustment to the Purchase Price, unless a final determination (which shall include the execution of a Form 870-AD or successor form) with respect to Purchaser or any of its Affiliates causes any such payment not to be treated as an adjustment to the Purchase Price for Federal income Tax purposes. Notwithstanding the foregoing, the control of the prosecution of a claim for refund of Taxes paid pursuant to a deficiency assessed subsequent to the Closing Date as a result of an audit shall be governed by the provisions of Section 8.07(d). The term "credit" in this subsection shall only refer to refundable credits.

(d) Tax Sharing Agreements. Shareholder shall cause the provisions of any Tax sharing agreement between Shareholder or any of their controlled entities (other than the

Company) or with any other party and (ii) the Company to be terminated on or before the Closing Date. The Shareholder shall cause any powers of attorney with respect to Tax matters to be terminated on or before the Closing Date. After the Closing Date, no party shall have any rights or obligations under any such Tax sharing agreement or similar indemnification agreement.

(c) The Parties will cooperate and provide reasonable assistance to the other Parties to this Agreement in order to minimize the amount of Taxes related to or resulting from any of the transactions contemplated under this Agreement, including but not limited to transfer Taxes resulting from the transactions described in Section 1.03(a)(iv), the purchase and sale of the Purchased Interests, and the carryover of employment wage bases for employment Tax purposes.

(f) Neither Shareholder, Company nor Newco shall claim any Tax credits pursuant to section 45G of the Code related to expenditures of the Company, or any predecessor in interest, for any period after calendar year 2011 nor assign track miles of the Company, or any predecessor in interest, for purposes of section 45G of the Code for such period. Any such Tax credits or assignment of track miles, for calendar year 2012 or any calendar year thereafter, shall be claimed or assigned only by the Company after the acquisition of Purchased Interests of the Company by Purchaser.

SECTION 5.08 Post-Closing Cooperation. After the Closing, upon reasonable written notice, Shareholder and Purchaser shall furnish or cause to be furnished to each other and their Affiliates and their respective employees, counsel, auditors and representatives access, during normal business hours, to such information and assistance relating to the Company and any predecessor in interest (to the extent within the control of such party) as is reasonably necessary for financial reporting and accounting matters.

SECTION 5.09 Publicity. No public release or announcement concerning the transactions contemplated hereby shall be issued by any party without the prior consent of the other parties (which consent shall not be unreasonably withheld), except as such release or announcement may be required by law or the rules or regulations of any United States or Canadian (as applicable) securities exchange, in which case the party required to make the release or announcement shall allow the other party reasonable time to comment on such release or announcement in advance of such issuance; provided, however, that each of the Company and Purchaser may make internal announcements to their respective employees that are consistent with the parties' prior public disclosures regarding the transactions contemplated hereby after reasonable prior notice to and consultation with the other.

SECTION 5.10 Exclusivity. From the execution of this Agreement through the earlier of Closing, the termination of this Agreement pursuant to the terms contained herein, or [] (but in no event prior to the termination of this Agreement), Shareholder, the Company, along with their owners, principals, agents and representatives, will not, directly or indirectly, solicit proposals or indications of interest from, enter into negotiations or discussions with, respond to inquiries by or indications of interest from, provide confidential information to, or approve of a transaction with any other person, firm, or corporation regarding the acquisition

of or material investment in the Company (whether by merger, consolidation, sale of ownership interest or assets or otherwise).

SECTION 5.11 Directors and Insurance and Indemnification.

(a) From and after the Closing, Purchaser shall cause the Company to indemnify and hold harmless (and advance expenses, provided the person to whom expenses are advanced provides a reasonable and customary undertaking (which shall not include posting of any collateral) to repay such advances if it is ultimately determined that such person is not entitled to indemnification), to the fullest extent permitted by applicable law, the present and former directors and officers of the Company (each a "Company Indemnified Party") against any and all costs or expenses (including reasonable attorneys' fees and expenses), judgments, fines, losses, claims, damages, penalties, liabilities and amounts paid in settlement in connection with any actual or threatened claim, action, suit, proceeding or investigation, whether civil, criminal, administrative, regulatory or investigative, arising out of, relating to or in connection with any circumstances, developments or matters in existence, or acts or omissions occurring or alleged to occur prior to or at the Closing, including the approval of this Agreement or the transactions contemplated hereby or arising out of or pertaining to the transactions contemplated hereby, whether asserted or claimed prior to, at or after the Closing.

(b) The Company shall, and Purchaser shall cause the Company to, at no expense to the beneficiaries, either (i) continue to maintain in effect for six (6) years from the Effective Date directors' and officers' liability insurance and fiduciary liability insurance having terms and conditions at least as favorable as the Company's currently existing directors' and officers' liability insurance and fiduciary liability insurance (the "Current Insurance") with respect to matters existing or occurring at or prior to the Effective Date (including the transactions contemplated hereby), or (ii) purchase a six (6) year extended reporting period endorsement with respect to the Current Insurance (a "Reporting Tail Endorsement") and maintain this endorsement in full force and effect for its full term. To the extent purchased after the date hereof and prior to the Effective Date, such insurance policies shall be placed through such broker(s) and with such insurance carriers as may be specified by Buyer and as are reasonably acceptable to the Shareholder; provided that such insurance carrier has at least an "A-" rating by A.M. Best company with respect to directors' and officers' liability insurance and fiduciary liability insurance.

(c) The governing documents of the Company shall include provisions for indemnification, advancement of expenses and exculpation of the Company Indemnified Parties at least as favorable as those as set forth in the governing documents of the Company in effect on the date of this Agreement. Following the Closing, the Purchaser shall cause the Company to maintain in effect the provisions in its governing documents providing for indemnification, advancement of expenses and exculpation of Company Indemnified Parties, as applicable, with respect to the facts or circumstances occurring at or prior to the Closing, to the fullest extent permitted from time to time under applicable law, which provisions shall not be amended except as required by applicable law or except to make changes permitted by applicable Legal Requirements that would enlarge the scope of the Company Indemnified Parties' indemnification rights thereunder.

(d) If Purchaser or the Company or any of their respective successors or assigns (i) consolidates with or merges into any other party and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers all or substantially all of its properties and assets to any party, then, and in each such case, Purchaser shall cause proper provisions to be made prior to the consummation of any transaction of the type described in clause (i) or clause (ii) of this sentence so that the successors and assigns of Purchaser or the Company, as the case may be, shall assume all of the obligations set forth in this Section 5.11.

(e) This Section 5.11 is intended for the irrevocable benefit of, and to grant third-party rights to, the Company Indemnified Parties and shall be binding on all successors and assigns of Purchaser and the Company. Each Company Indemnified Party shall be a third-party beneficiary of this Section 5.11, and entitled to enforce the covenants contained in this Section 5.11. If any Company Indemnified Party makes any claim for indemnification or advancement of expenses under this Section 5.11 that is denied by Purchaser and/or the Company, and a court of competent jurisdiction determines that the Company Indemnified Party is entitled to such indemnification, then Purchaser or the Company shall pay such Company Indemnified Party's costs and expenses, including reasonable legal fees and expenses, incurred in connection with pursuing such claim against Purchaser and/or the Company, provided that such Company Indemnified Party is the prevailing party in such claim. The rights of the Company Indemnified Parties under this Section 5.11 shall be in addition to any rights such Company Indemnified Parties may have under the governing documents of the Company or under any applicable contracts, insurance policies or Legal Requirements.

SECTION 5.12 Employee Matters.

(a) The Purchaser, to the extent allowable under such Employee Benefit Plans, shall cause any individual employed by the Company at the Closing (an "Employee") to receive credit for service accrued prior to the Closing Date with the Company, as applicable, for purposes of eligibility to participate, vesting and benefit accrual under any defined contribution Employee Benefit Plan for the Employees during such Employee Benefit Plan's fiscal year in which the Closing Date falls under any Employee Benefit Plan established or maintained by the Purchaser or any Affiliate thereof under which each Employee may be eligible to participate on or after the Closing, to the same extent such service was recognized under comparable Employee Benefit Plans, programs or arrangements immediately prior to the Closing; provided, however, that such crediting of service shall not operate to duplicate any benefit or the funding of any such benefit.

(b) With respect to the welfare plans, programs and arrangements maintained, sponsored or contributed to by the Purchaser or its Affiliates (the "Purchaser Welfare Plans") in which an Employee may be eligible to participate on or after the Closing, (i) to the extent allowable under such Plans, the Purchaser shall waive, or cause its insurance carrier to waive, any limitations on benefits relating to pre-existing conditions (if any) with respect to participation and coverage requirements applicable to Employees under the Purchaser Welfare Plans (other than any life insurance arrangement or long-term disability insurance arrangement that is not fully paid for by the Purchaser and its Affiliates) to the same extent such limitations are waived under the comparable Company Plan, if any, and (ii) the

Purchaser shall credit, or cause its insurance carrier to credit under the applicable Purchaser Welfare Plans for the plan year that includes the Closing Date. Employees who were enrolled immediately prior to the Closing Date in the comparable Plans that were terminated in accordance with the preceding sentence hercof, with the deductibles, co-payments and out-of-pocket expenses with which these Employees had been credited under such Plans for that plan year.

(c) From and after the Closing, except as otherwise agreed in writing between the Purchaser and the Company Employee, the Purchaser will cause the Company to honor, in accordance with its terms (including any rights of amendment, modification or termination provided therein), (i) the obligations in effect as of the Closing under any bonus and vacation plans, programs or agreements of the Company (except to the extent such plan is terminated or required to be terminated hereunder), but only to the extent the amounts accrued thereunder are included in the calculation of the Final Net Working Capital Balance Sheet and (ii) the obligations to provide benefits accrued as of the Closing Date under each Employee Benefit Plan, even if the Purchaser thereafter makes any modifications or amendments to any Company Plan.

ARTICLE VI

Conditions Precedent

SECTION 6.01 Conditions to Each Party's Obligation. The obligation of Purchaser to purchase and pay for the Purchased Interests and the obligation of Shareholder to sell the Purchased Interests to Purchaser is subject to the satisfaction or waiver on or prior to the Closing of the following conditions:

(a) Governmental Approvals. All governmental approvals, if any, have been obtained and any applicable waiting period to the consummation of the Acquisition, shall have expired or been terminated. This will include but not be limited to any approval by the STB and the expiration of any applicable waiting periods, together with any extensions thereof, under the HSR Act.

(b) No Injunctions. No injunction or other legal restraint or prohibition preventing the consummation of the Acquisition shall be in effect.

(c) Appointment of Officers and Directors. Stephanie Schladweiler ("Schladweiler") shall execute any necessary resignations from all offices with the Company and the other existing officers and directors of the Company shall execute such appointments, minutes and notice waivers as necessary to facilitate the appointment by Purchaser of its designees to serve as officers of the Company and members of the Company's board of directors as mutually agreed to by the parties prior to the Closing.

SECTION 6.02 Conditions to Obligation of Purchaser. The obligation of Purchaser to purchase and pay for the Purchased Interests is subject to the satisfaction (or waiver by Purchaser) on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties. The representations and warranties of Shareholder, Newco and Company in this Agreement and the Ancillary Agreements that are qualified as to materiality shall be true and correct, and those not so qualified shall be true and correct in all material respects, as of the date hereof and as of the Closing Date as though made on the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties qualified as to materiality shall be true and correct, and those not so qualified shall be true and correct in all material respects, on and as of such earlier date), except in each of the foregoing cases for breaches that in the aggregate are not material to the conduct of the business of the Company as presently conducted.

(b) Performance of Obligations of Shareholder. Shareholder, Company and Newco shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Shareholder and Newco by the time of the Closing.

(c) Required Consents. Unless waived or consented to by Purchaser in writing, the parties shall have received all (1) required consents and waivers (without any material change to contract terms) to the contracts set forth on Schedule 6.02(c), (2) subordination, non-disturbance and attornment agreements from any landlords to Company, (3) all documents required to be delivered to Purchaser by Sections 1.03(a)(v) and 1.03(a)(vi) have been delivered to Purchaser at least five (5) days prior to the Closing Date, and (4) Watco Holdings, Inc., the parent company to Purchaser, shall have received approval from the STB for it to control Company pursuant to its required Continuance in Control filing or any similar filing.

(d) Due Diligence. Purchaser shall have completed due diligence to the sole satisfaction of Purchaser; provided, however, that this condition shall terminate and be of no further force and effect upon the earlier to occur of December 31, 2011 or the thirtieth (30th) day following execution of this Agreement unless written notice of the non-satisfactory completion of due diligence is provided by Purchaser to Shareholder on or before such date, as applicable.

(e) Confirmation from Company and Shareholder to Purchaser. Company, Newco and Shareholder shall deliver to Purchaser on the date of the Closing Date, prior to close, (i) written confirmation that there has been no change, event or condition that has had or would reasonably be expected to have a Company Material Adverse Effect; and (ii) written confirmation that, to Shareholder' knowledge, the trailing twelve month adjusted EBITDA of the Company on the Closing Date is at least _____ (\$ _____) Dollars.

(f) Purchaser's Bank Group Approval. The Acquisition shall be approved by Purchaser's and its parent company, Watco Companies, L.L.C.'s bank syndicates; provided, however, that this Agreement shall terminate, be deemed waived by Purchaser and of no further force and effect upon the earlier to occur of December 31, 2011 or the thirtieth (30th) day following execution of this Agreement unless written notice of the bank syndicates failure to approve is provided by Purchaser to Shareholder on or before such date, as applicable.

(g) Purchaser's Board Approval. The Acquisition shall be approved by Purchaser's and its parent company, Watco Company, L.L.C.'s boards of directors: provided, however, that this Agreement shall terminate, be deemed waived by Purchaser and of no further force and effect upon the earlier to occur of December 31, 2011 or the thirtieth (30th) day following execution of this Agreement, unless written notice of the board's, as applicable, failure to approve is provided by Purchaser to Shareholder on or before such date, as applicable.

SECTION 6.03 Conditions to Obligation of Shareholder. The obligation of Shareholder to sell is subject to the satisfaction (or waiver by Shareholder) on or prior to the Closing Date of the following conditions:

(a) Representations and Warranties. The representations and warranties of Purchaser made in this Agreement and the Ancillary Agreement qualified as to materiality shall be true and correct, and those not so qualified shall be true and correct in all material respects, as of the date hereof and as of the Closing Date as though made on the Closing Date, except to the extent such representations and warranties expressly relate to an earlier date (in which case such representations and warranties qualified as to materiality shall be true and correct, and those not so qualified shall be true and correct in all material respects, on and as of such earlier date), except in each of the foregoing cases for breaches that in the aggregate are not material to the conduct of the business of Purchaser as presently conducted.

(b) Performance of Obligations of Purchaser. Purchaser shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Purchaser by the time of the Closing.

SECTION 6.04 Frustration of Closing Conditions. Neither Purchaser, Newco nor Shareholder may rely on the failure of any condition set forth in this Article VI to be satisfied if such failure was caused by such party's failure to act in good faith or to use commercially reasonable efforts to cause the Closing to occur, as required by Section 5.04.

ARTICLE VII

Termination, Amendment and Waiver

SECTION 7.01 Termination.

(a) Notwithstanding anything to the contrary in this Agreement, this Agreement may be terminated and the Acquisition and the other transactions contemplated by this Agreement abandoned at any time prior to the Closing:

(i) by mutual written consent of Shareholder, Newco and Purchaser;

(ii) by Shareholder and Newco if any of the conditions set forth in Sections 6.01 or 6.03 shall have become incapable of fulfillment, (after notice and the opportunity to cure, if curable) and shall not have been waived by Shareholder and Newco;

(iii) by Purchaser if any of the conditions set forth in Sections 6.01 or 6.02 shall have become incapable of fulfillment. (after notice and the opportunity to cure, if curable) and shall not have been waived by Purchaser; or

(iv) by any of Shareholder, Newco or Purchaser, if the Closing does not occur on or prior to [].

provided, however, that the party seeking termination pursuant to clause (ii), (iii) or (iv) is not then in breach of any of its representations, warranties, covenants or agreements contained in this Agreement.

(b) In the event of termination by Shareholder, Newco or Purchaser pursuant to this Section 7.01, written notice thereof shall forthwith be given to the other and the transactions contemplated by this Agreement shall be terminated, without further action by any party. If the transactions contemplated by this Agreement are terminated as provided herein:

(i) Purchaser shall return all documents and other material received from Shareholder, Newco or the Company, whether so obtained before or after the execution hereof, to Shareholder or at the option of Purchaser destroy all such documents and other material and forward written certification of the same to Shareholder; and

(ii) all confidential information received by Purchaser with respect to the business of the Company shall be treated in accordance with the Confidentiality Agreement, which shall remain in full force and effect notwithstanding the termination of this Agreement.

SECTION 7.02 Effect of Termination. If this Agreement is terminated and the transactions contemplated hereby are abandoned as described in Section 7.01, this Agreement shall become null and void and of no further force and effect, except for the provisions of (i) Section 1.4.2 relating to the Earnest Deposit, (ii) Section 5.03 relating to the obligation of Purchaser to keep confidential certain information and data obtained by it, (iii) Section 5.05 relating to certain expenses, (iv) Section 5.06 relating to finder's fees and broker's fees, (v), Section 5.09 relating to publicity, (vi) Section 7.01 and this Section 7.02 and (vii) Section 9.09 relating to consent to jurisdiction. Nothing in this Section 7.02 shall be deemed to release any party from any liability for any breach by such party of the terms and provisions of this Agreement or to impair the right of any party to compel specific performance by any other party of its obligations under this Agreement.

SECTION 7.03 Amendments and Waivers. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto. By an instrument in writing, Purchaser, on the one hand, or Shareholder or Newco, on the other hand, may waive compliance by the other with any term or provision of this Agreement that such other party was or is obligated to comply with or perform.

ARTICLE VIII

Indemnification

SECTION 8.01 Tax Indemnification.

(a) From and after the Closing, Shareholder and Newco shall be liable for, and shall indemnify Purchaser, its Affiliates and each of their respective officers, directors, employees, stockholders, agents and representatives (the "Purchaser Indemnitees") against and hold them harmless from (i) any liability for Taxes attributable to or resulting from the breach of any representation or warranty contained in Section 3.12 Shareholder and (ii) any liability for Taxes of the Company and any predecessor in interest for any taxable periods (or portions thereof) ending on or before the Closing Date ("Pre-Closing Tax Period") as provided in Section 5.07 hercof: provided, however, that Shareholder and Newco shall not be required to indemnify Purchaser in respect of a single Tax liability more than once, nor shall they be required to indemnify Purchaser to the extent that the Shareholder or Newco bear the cost of such Tax as a result of their continued ownership interest in the Company.

(b) From and after the Closing, Purchaser shall indemnify Shareholder, Newco and their Affiliates and each of their respective officers, directors, employees, stockholders, agents and representatives (the "Shareholder Indemnitees") and hold them harmless from (i) any liability for Taxes of the Company for any taxable period ending after the Closing Date (except to the extent such taxable period began on or before the Closing Date, in which case the indemnity under this Section 8.01(b) shall cover only that portion of any such Taxes that are not for the Pre-Closing Tax Period, as determined under the principles set forth in Section 8.01(c)(ii) and (ii) any liability for Taxes attributable to an act taken by the Purchaser after Closing or to a breach by Purchaser of its obligations under this Agreement. Irrespective of the above, the above indemnity shall not apply to any liability that a Shareholder or Newco may incur after the Closing Date as a shareholder, member or other investor in the Company to the extent such liability is attributable to Shareholder's or Newco's continued investment in the Company.

(c) In the case of any Straddle Period:

(i) real, personal and intangible property Taxes ("Property Taxes") of the Company and any predecessor in interest for the Pre-Closing Tax Period shall equal the amount of such property Taxes for the entire Straddle Period multiplied by a fraction, the numerator of which is the number of days during the Straddle Period that are in the Pre-Closing Tax Period and the denominator of which is the number of days in the Straddle Period, and if information is not readily available for an assessment of Property Taxes related to the Straddle Period, the assessment for the prior year shall be used, reflecting any significant changes in the applicable assets; and

(ii) the Taxes of the Company and any predecessor in interest (other than Property Taxes) for the Pre-Closing Tax Period shall be

computed as if such taxable period ended as of the close of business on the Closing Date, as initially settled as part of the adjustment described in section 1.04.1, or subsequently as an adjustment in a similar manner within 30 days after a determination of such a subsequent adjustment.

SECTION 8.02 Other Indemnification by Shareholder.

(a) From and after the Closing and subject to the limitations contained in this Article VIII, Shareholder and Newco shall be liable for, and shall indemnify each Purchaser Indemnatee against and hold it harmless from, any loss, liability, claim, damage or expense including reasonable legal fees and expenses ("Losses"), suffered or incurred by such Purchaser Indemnatee (other than any Loss relating to Taxes, for which indemnification provisions are set forth entirely in Section 8.01) arising from:

(i) any breach of any representation or warranty of Shareholder which survives the Closing contained in this Agreement or in any Ancillary Agreement; and

(ii) any breach of any covenant of Shareholder contained in this Agreement requiring performance after the Closing Date.

(b) Shareholder shall not be required to indemnify any Purchaser Indemnatee, and shall not have any liability under Section 8.02(a) to the extent the liability or obligation arises as a result of any action taken or omitted to be taken by Purchaser or any of its Affiliates (including any officers or employees of the Company or any Subsidiary that are intended to have an equity interest or rights or options to obtain an equity interest in Purchaser or its Affiliates).

SECTION 8.03 Exclusive Remedy. Except as otherwise specifically provided for in this Agreement, the parties acknowledge that their sole and exclusive remedy with respect to any and all claims relating to this Agreement, the Acquisition and the other transactions contemplated hereby shall be pursuant to the indemnification provisions set forth in this Article VIII.

SECTION 8.04 Other Indemnification by Purchaser.

(a) From and after the Closing and subject to the limitations contained in this Article VIII, Purchaser shall indemnify each Shareholder Indemnatee against and hold it harmless from any Loss suffered or incurred by such Shareholder Indemnatee (other than relating to Taxes, for which indemnification provisions are set forth in Section 8.01) to the extent arising from:

(i) any breach of any representation or warranty of Purchaser which survives the Closing contained in this Agreement, or in any Ancillary Agreement; and

(ii) any breach of any covenant of Purchaser or the Company contained in this Agreement requiring performance after the Closing Date.

(b) Purchaser shall not be required to indemnify any Shareholder Indemnitee, and shall not have any liability under Section 8.04(a) to the extent the liability or obligation arises as a result of any action taken or omitted to be taken by Shareholder or any of their Affiliates.

SECTION 8.05 Limitations on Indemnification. Notwithstanding anything contained herein to the contrary, the right of the Purchaser Indemnitees to be indemnified, held harmless and reimbursed pursuant to this Article VIII is subject to the following limitations and qualifications:

(a) A Purchaser Indemnitee shall not be entitled to indemnification under Section 8.02 for breaches of representations and/or warranties for any individual item, or group of related items arising out of the same condition or circumstance, where the Losses related thereto for which the Purchaser Indemnified Person would otherwise be entitled to indemnification are less than [] (the "De Minimis Amount"); provided, however, that if the Losses related thereto for which the Purchaser Indemnified Person would otherwise be entitled to indemnification equal or exceed the De Minimis Amount, then the Purchaser Indemnitees shall be entitled to indemnification in full for all breaches of such representations and/or warranties without regard to the De Minimis Amount (but subject to the other limitations set forth in this Section 8.05 or otherwise in this Agreement).

(b) The Purchaser Indemnitees shall have no right to recover any amounts under Section 8.02 until the total amount of Losses incurred by the Purchaser Indemnitees exceeds [] (the "Deductible"). in which case the Purchaser Indemnitees will be entitled to recover the full amount of Losses in excess of the Deductible.

(c) The maximum amount of Losses that may be recovered by the Purchaser Indemnitees under Section 8.02 will be limited to [] (the "Cap").

(d) The limitations set forth in clauses (a), (b) and (c) of this Section 8.05 shall not apply to breaches of the Fundamental Representations (as defined in Section 8.08 below).

(e) Nothing contained herein (including Sections 8.05(a), (b) and (c)) shall limit or restrict any Purchaser Indemnified Person's right to maintain or recover any amounts in connection with any action or claim based upon fraud.

(f) The Purchaser Indemnitees shall not be entitled to indemnification under this Agreement:

(i) in connection with any claim for indemnification hereunder with respect to which the Purchaser Indemnitees has a claim, right of indemnification or right of set off against any third party, unless the

Purchaser Indemnitees assigns such claim, right of indemnification or right of set off against such third party to the Shareholder;

(ii) to the extent of the value of any net Tax benefit realized by the Purchaser or the Purchaser's interest in the Company in connection with the claim which forms the basis of the claim for indemnification hereunder by the Purchaser Indemnitees, as determined pursuant to Section 8.05(g);

(iii) to the extent of any net insurance proceeds actually received by the Purchaser Indemnitees in connection with the facts giving rise to such indemnification, as determined pursuant to Section 8.05(o);

(iv) to the extent the Losses of the Purchaser Indemnitees are reflected on the Final Statement or in the calculation of the Final Working Capital as provided in Section 1.04.1; and

(v) in connection with any claim for indemnification hereunder with respect to a breach of representation or warranty or breach of covenant if the Purchaser had knowledge of such breach at any time prior to the Closing.

(g) The amount of any indemnity provided in this Agreement shall be reduced (but not below zero) by the amount of any reduction in Taxes paid or payable by any Purchaser Indemnitees as a result of the claims giving rise to such indemnity claim. If the indemnity amount is paid prior to the Purchaser Indemnitees realizing a reduction in Taxes in connection with the claims giving rise to such payment, and the Purchaser Indemnitees subsequently realize such reduction in Taxes, then the Purchaser Indemnitees shall pay to the Shareholder the amount of such reduction in Taxes (but not in excess of the indemnification payment or payments actually received with respect to such claims). For purposes of the preceding two sentences, the Purchaser Indemnitees shall be deemed to have realized a reduction in Taxes with respect to a taxable year if, and to the extent that, the Purchaser Indemnitees' cumulative liability for Taxes from the Closing Date through the end of such taxable year, calculated by excluding any Tax items attributable to the claims from all taxable years and excluding any amounts received by the Purchaser Indemnitees from the Shareholder and Newco for indemnification for such claims, exceeds the Purchaser Indemnitees' actual cumulative liability for Taxes through the end of such taxable year, calculated by taking into account any Tax items attributable to the amount of the claims for all taxable years (to the extent permitted by relevant Tax law and treating such Tax items as the last items claimed for any taxable year) and such amounts received.

(h) A Shareholders Indemnitee shall not be entitled to indemnification under Section 8.04 for breaches of representations and/or warranties for any individual item, or group of related items arising out of the same condition or circumstance, where the Losses related thereto for which the Purchaser Indemnified Person would otherwise be entitled to indemnification are less than the De Minimis Amount; provided, however, that if the Losses related thereto for which the Purchaser Indemnified Person would otherwise be entitled to

indemnification equal or exceed the De Minimis Amount, then the Shareholders Indemnitees shall be entitled to indemnification in full for all breaches of such representations and/or warranties without regard to the De Minimis Amount (but subject to the other limitations set forth in this Section 8.05 or otherwise in this Agreement).

(i) The Shareholders Indemnitees shall have no right to recover any amounts under Section 8.04 until the total amount of Losses incurred by the Shareholders Indemnitees exceeds the Deductible, in which case the Shareholders Indemnitees will be entitled to recover the full amount of Losses in excess of the Deductible.

(j) The maximum amount of Losses that may be recovered by the Shareholders Indemnitees under Section 8.04 will be limited to the Cap.

(k) The limitations set forth in clauses (h), (i) and (j) of this Section 8.05 shall not apply to breaches of Sections 4.01 (Organization) and 4.02 (Authority).

(l) Nothing contained herein (including Sections 8.05(h), (i) and (j)) shall limit or restrict any Purchaser Indemnified Person's right to maintain or recover any amounts in connection with any action or claim based upon fraud.

(m) The Shareholders Indemnitees shall not be entitled to indemnification under this Agreement:

(i) in connection with any claim for indemnification hereunder with respect to which the Shareholders Indemnitees has a claim, right of indemnification or right of set off against any third party, unless the Shareholders Indemnitees assigns such claim, right of indemnification or right of set off against such third party to the Shareholder;

(ii) to the extent of the value of any net Tax benefit realized by the Purchaser or the Purchaser's interest in the Company in connection with the claim which forms the basis of the claim for indemnification hereunder by the Shareholders Indemnitees, as determined pursuant to Section 8.05(n);

(iii) to the extent of any net insurance proceeds actually received by the Shareholders Indemnitees in connection with the facts giving rise to such indemnification, as determined pursuant to Section 8.05(o);

(iv) to the extent the Losses of the Shareholders Indemnitees are reflected on the Final Statement or in the calculation of the Final Working Capital as provided in Section 1.04.1; and

(v) in connection with any claim for indemnification hereunder with respect to a breach of representation or warranty or breach of covenant if the Purchaser had knowledge of such breach at any time prior to the Closing.

(n) The amount of any indemnity provided in this Agreement shall be reduced (but not below zero) by the amount of any reduction in Taxes paid or payable by any Shareholders Indemnitees as a result of the claims giving rise to such indemnity claim. If the indemnity amount is paid prior to the Shareholders Indemnitees realizing a reduction in Taxes in connection with the claims giving rise to such payment, and the Shareholders Indemnitees subsequently realize such reduction in Taxes, then the Shareholders Indemnitees shall pay to the Shareholder the amount of such reduction in Taxes (but not in excess of the indemnification payment or payments actually received with respect to such claims). For purposes of the preceding two sentences, the Shareholders Indemnitees shall be deemed to have realized a reduction in Taxes with respect to a taxable year if, and to the extent that, the Shareholders Indemnitees' cumulative liability for Taxes from the Closing Date through the end of such taxable year, calculated by excluding any Tax items attributable to the claims from all taxable years and excluding any amounts received by the Shareholders Indemnitees from the Shareholder and Newco for indemnification for such claims, exceeds the Shareholders Indemnitees' actual cumulative liability for Taxes through the end of such taxable year, calculated by taking into account any Tax items attributable to the amount of the claims for all taxable years (to the extent permitted by relevant Tax law and treating such Tax items as the last items claimed for any taxable year) and such amounts received.

(o) The amount of any indemnity provided in this Agreement shall be computed net of any insurance proceeds actually received by an indemnitee in connection with or as a result of any claim giving rise to an indemnification claim hereunder. If the indemnity amount is paid prior to an indemnitee's actual receipt of insurance proceeds related thereto, the indemnitee shall assign its right to such insurance and allow the indemnifying party to pursue collection of such insurance proceeds. In addition, if a indemnitee subsequently receives such insurance proceeds, then the indemnitee shall promptly pay to the indemnifying party the amount of insurance proceeds subsequently received (net of all related costs, expenses and other claims), but not more, in the aggregate, than the indemnity amount paid by the indemnifying party. The indemnifying party's obligation to pay an indemnification claim pursuant to this Agreement in any instance in which insurance is reasonably available to cover the events and circumstances giving rise to the indemnification claim is subject to the indemnitees first filing a claim under the applicable insurance policy(ies).

(p) Anything herein to the contrary notwithstanding, an indemnifying party shall not have any liability under any provision of this Agreement for, and the amount of the Losses shall not include, any incidental, consequential (including diminution in value or lost profits), indirect, special, exemplary or punitive damages, and in particular, without limitation, no "multiple of profits" or "multiple of cash flow" or similar valuation methodology shall be used in calculating the amount of any Losses. Any liability for indemnification under this Article VIII shall be determined without duplication of recovery by reason of the state of facts giving rise to such liability constituting a breach of more than one representation, warranty, covenant or agreement.

(q) Notwithstanding anything to the contrary contained herein, an indemnifying party's aggregate indemnification obligations under this Agreement (including,

without limitation, in relation to the Fundamental Representations and the representations of Sections 4.01 and 4.02) shall in no event exceed the Purchase Price.

SECTION 8.06 Termination of Indemnification. The obligations to indemnify and hold harmless any party pursuant to Sections 8.01, 8.02 or 8.04 shall terminate when the applicable representation, warranty or covenant terminates pursuant to Section 8.08.

SECTION 8.07 Procedures.

(a) Third Party Claims. In order for a person (the "indemnified party") to be entitled to any indemnification provided for under Section 8.02 or 8.04 in respect of a claim made by any third party against the indemnified party (a "Third Party Claim"), such indemnified party must notify the indemnifying party in writing (and in reasonable detail) of the Third Party Claim within 15 business days after receipt by such indemnified party of notice of the Third Party Claim. Thereafter, the indemnified party shall deliver to the indemnifying party, within five business days' time after the indemnified party's receipt thereof, copies of all notices and documents (including court papers) received by the indemnified party relating to the Third Party Claim.

(b) Assumption. If a Third Party Claim is made against an indemnified party, the indemnifying party shall be entitled to participate in the defense thereof and, if it so chooses, to assume the defense thereof with counsel selected by the indemnifying party: provided, however, that such counsel is not reasonably objected to by the indemnified party. Should the indemnifying party so elect to assume the defense of a Third Party Claim, the indemnifying party shall not be liable to the indemnified party for any legal expenses subsequently incurred by the indemnified party in connection with the defense thereof. If the indemnifying party assumes such defense, the indemnified party shall have the right to participate in the defense thereof and to employ counsel at its own expense, separate from the counsel employed by the indemnifying party, it being understood that the indemnifying party shall control such defense. The indemnifying party shall be liable for the reasonable fees and expenses of one counsel employed by all indemnified parties for any period during which the indemnifying party has not assumed the defense thereof (other than during any period in which the indemnified party shall have failed to give notice of the Third Party Claim as provided above). If the indemnifying party chooses to defend or prosecute a Third Party Claim, all the indemnified parties shall cooperate in the defense or prosecution thereof. Such cooperation shall include the retention and (upon the indemnifying party's request) the provision to the indemnifying party of records and information that are reasonably relevant to such Third Party Claim, and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. If the indemnifying party assumes the defense of a Third Party Claim, the indemnified party shall agree to any settlement, compromise or discharge of a Third Party Claim that the indemnifying party may recommend and that by its terms obligates the indemnifying party to pay the full amount of the liability in connection with such Third Party Claim and which releases the indemnified party completely in connection with such Third Party Claim.

(c) Other Claims. In the event any indemnified party should have a claim against any indemnifying party under Section 8.02 or 8.04 that does not involve a Third Party

Claim being asserted against or sought to be collected from such indemnified party, the indemnified party shall deliver notice of such claim with reasonable promptness to the indemnifying party.

(d) Procedures Relating to Indemnification of Tax Claims.

(i) If a claim shall be made by any Taxing Authority, which, if successful, might result in an indemnity payment to any Purchaser Indemnitee pursuant to Section 8.01, Purchaser shall promptly notify Shareholder in writing of such claim (a "Tax Claim"). If notice of a Tax Claim is not given to Shareholder within a sufficient period of time to allow Shareholder to contest such Tax Claim effectively, or in reasonable detail to apprise Shareholder of the nature of the Tax Claim, in each case taking into account the facts and circumstances with respect to such Tax Claim, Shareholder shall not be liable to any Purchaser Indemnitee to the extent that Shareholder's position is prejudiced as a result thereof.

(ii) With respect to any Tax Claim relating solely to Taxes of the Company or any predecessor in interest for a Pre-Closing Tax Period or any Straddle Period to the extent Shareholder may be liable, Shareholder shall control all proceedings taken in connection with such Tax Claim (including selection of counsel) and, without limiting the foregoing, may in its sole discretion pursue or forego any and all administrative appeals, proceedings, hearings and conferences with any Taxing Authority with respect thereto, and may, in its sole discretion, either pay the Tax claimed and sue for a refund where Applicable Law permits such refund suits or contest the Tax Claim in any permissible manner, provided, however, Shareholder shall not take any action that will adversely affect, in a material way, any (i) Straddle Period or (ii) tax period beginning after the end of a Straddle Period or a Pre-Closing Tax Period (a "Post-Closing Tax Period") without the consent of Purchaser. Shareholder and Purchaser shall jointly control all proceedings taken in connection with any Tax Claim relating solely to Taxes of the Company or any predecessor in interest for a Straddle Period, other than a Straddle Period to the extent Shareholder may be liable; provided, however, that (A) Purchaser and counsel of its own choosing, shall have the right to participate fully in all aspects of the prosecution or defense of such Tax Claim, and (B) neither Shareholder nor Purchaser shall settle any such Tax Claim without prior written consent of the other, which consent shall not be unreasonably withheld. Purchaser shall control all other proceedings with respect to all other Tax Claims.

(iii) Purchaser and the Company shall cooperate with Shareholder in contesting any Tax Claim, which cooperation shall include, without limitation, the provision of any necessary powers of attorney and the retention and (upon Shareholder's request) the provision to Shareholder of records and information which are reasonably relevant

to such Tax Claim, making employees available, and requesting its advisors to cooperate, on a mutually convenient basis to provide additional information or explanation of any material provided hereunder or to testify at proceedings relating to such Tax Claim. Shareholder shall reimburse Purchaser and Company for any reasonable actual out of pocket costs and expenses incurred in cooperating with Shareholder for any Tax Claim for a tax period or applicable portion thereof for the period prior to the Effective Date.

In no case shall any Purchaser Indemnitee settle or otherwise compromise any Tax Claim the proceedings of which are controlled by Shareholder without Shareholder's prior written consent, which consent may be withheld in Shareholder's sole discretion.

(c) Mitigation. Purchaser and Shareholder shall cooperate with each other with respect to resolving any claim or liability with respect to which one party is obligated to indemnify the other party hereunder, including by making commercially reasonable efforts to mitigate or resolve any such claim or liability. In the event that Purchaser or Shareholder shall fail to make such commercially reasonable efforts to mitigate or resolve any claim or liability, then notwithstanding anything else to the contrary contained herein, the other party shall not be required to indemnify any person for any loss, liability, claim, damage or expense that could reasonably be expected to have been avoided if Purchaser or Shareholder, as the case may be, had made such efforts.

SECTION 8.08 Survival of Representations. The representations and warranties contained in this Agreement shall survive the Closing as follows:

(a) For a representation or warranty contained in Sections 2.01 (Authority), 2.03 (Interests), 3.01 (Organization), 3.02 (Ownership Interests of the Company) and 3.03 (Authority) (such representations collectively, the "Fundamental Representations"), to the greatest extent allowed by law but in no event less than 99 years;

(b) For a representation or warranty contained in Sections **[3.04 (Consents),]** 3.12 (Taxes) and 3.14 (Benefit Plans), 60 days after the applicable statute of limitation (including any extension thereof), but in no event less than three (3) years; and

(c) For all other representations or warranties, the date that is one (1) year following Closing.

A Purchaser Indemnitee shall have no right to indemnity and to recover Losses unless a written claim for indemnification specifying the basis for such claim in reasonable detail is made prior to the expiration of the applicable survival period.

SECTION 8.09 No Additional Representations. The parties acknowledge that, except as expressly set forth in this Agreement, the Ancillary Agreements or the Schedules, neither party has made any additional representation or warranty, expressed or implied.

ARTICLE IX

General Provisions

SECTION 9.01 Assignment. In the event of a Shareholder's death, the rights of the deceased Shareholder under this Agreement shall be assigned to the deceased Shareholder's estate or intervivos trust. Except as provided in this section, this Agreement and the rights and obligations hereunder shall not be assignable or transferable by any party (including by operation of law in connection with a merger or consolidation of such party) without the prior written consent of the other parties hereto. Any attempted assignment in violation of this Section 9.01 shall be void.

SECTION 9.02 No Third-Party Beneficiaries. Except as provided in Article VIII and in Section 9.01, this Agreement is for the sole benefit of the parties hereto and nothing herein expressed or implied shall give or be construed to give to any person, other than the parties hereto, any legal or equitable rights hereunder.

SECTION 9.03 Attorneys Fees. In the event that any action is filed in relation to this Agreement, the prevailing party in the action shall recover from the non-prevailing party, in addition to any other sum that either party may be called upon to pay, the prevailing party's reasonable attorneys' fees and costs.

SECTION 9.04 Notices. All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent by facsimile or sent, postage prepaid, by registered, certified or express mail or overnight courier service, or sent by e-mail, and shall be deemed given when received, as follows:

- (i) if to Purchaser.

WATCO TRANSPORTATION SERVICES, L.L.C.
315 W. 3rd St
Pittsburg, Kansas 66762
Fax: (620) 231-0812
Attention: Rick Webb, CEO
E-mail: rwebb@watcocompanies.com

with a copy to:

Watco Companies, L.L.C.
315 W. 3rd St
Pittsburg, Kansas 66762
Fax: (620) 231-0812
Attention: Craig Richey, EVP – General Counsel
E-mail: crichey@watcocompanies.com: and

(ii) if to Shareholder,

William Gardner
Wisconsin & Southern Railroad Co
P.O. Box 90229
Milwaukee WI 53209-0229
E-Mail: bgardner@wsorrailroad.com

with a copy to:

Martin J. McLaughlin
Reinhart Boerner Van Deuren s.c.
1000 North Water Street, Suite 1700
Milwaukee, WI 53202
Fax: 414-298-8097
E-Mail: mmclaughlin@reinhartlaw.com

SECTION 9.05 Interpretation; Exhibits and Schedules; Knowledge.

(a) The headings contained in this Agreement, in any Exhibit or Schedule hereto and in the table of contents to this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Any matter set forth in any provision, subprovision, section or subsection of any Schedule shall, unless the context otherwise manifestly requires, be deemed set forth for all purposes of the Schedules. All Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Schedule or Exhibit but not otherwise defined therein, shall have the meaning as defined in this Agreement. When a reference is made in this Agreement to a Section, Exhibit or Schedule, such reference shall be to a Section of, or an Exhibit or Schedule to, this Agreement unless otherwise indicated.

(b) For purposes of this Agreement, "knowledge" with respect to the Company and/or the Shareholder, shall mean the knowledge of GARDNER, Jim Lombard, Ben Meighan, and Tim Karp to the extent that the same is actually known or reasonably should be known.

SECTION 9.06 Counterparts; Electronic Signatures. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other parties. Signatures delivered by facsimile, electronic mail or in pdf shall be binding for all purposes hereof.

SECTION 9.07 Entire Agreement. This Agreement along with the Ancillary Agreements and the Schedules and Exhibits thereto, contain the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and supersede all prior agreements and understandings relating to such subject matter. None of the parties shall

be liable or bound to any other party in any manner by any representations, warranties or covenants relating to such subject matter except as specifically set forth herein or in the Ancillary Agreements or the Confidentiality Agreement.

SECTION 9.08 Severability. If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof (or the remaining portion thereof) or the application of such provision to any other persons or circumstances.

SECTION 9.09 Consent to Jurisdiction. This Agreement shall be governed by the laws of the State of Wisconsin (regardless of the laws that might otherwise govern under applicable principles of conflicts of law) as to all matters, including but not limited to matters of validity, construction, effect, performance and remedies. Subject to the following provisions, jurisdiction and venue of any suit or action to enforce this Agreement or for indemnification under the provisions of Article VIII hereof shall rest solely in the federal and state courts located in the States of Kansas and Wisconsin and each of the Purchaser, the Company and Shareholder hereby submits to the personal jurisdiction of such courts for the purpose of resolving any and all matters arising under or in respect of this Agreement and agrees that personal service upon each such party may be made by delivery thereof to such party at the address specified herein. In the event of a dispute, to the extent suit is filed by Shareholder, such action shall be filed in the federal or state courts for the State of Kansas. In the event of a dispute, to the extent suit is filed by Purchaser, such action shall be filed in the federal and state courts for the State of Wisconsin.

IN WITNESS WHEREOF, Shareholder, NEWCO and Purchaser have duly executed this Agreement as of the date first written above.

Shareholder

Individually

WSOR HOLDINGS, INC.

By: _____
Name:
Title:

WATCO TRANSPORTATION SERVICES. L.L.C.

By: _____
Name:
Title:

Exhibit A

Common Stock

<u>Shareholder</u>	<u>Authorized</u>	<u>Outstanding</u>
William Gardner	15,000	14,800

Exhibit B

Escrow Agreement

VERIFICATION

STATE OF KANSAS

)


)

ss.

COUNTY OF CRAWFORD


)

I, Arthur E. McKechnie, III, being duly sworn depose and state that I am Executive Vice President of Watco Holdings, Inc., that I am authorized to make this verification, and that I have read the foregoing Notice of Exemption and know the facts asserted therein are true and accurate as stated to the best of my knowledge, information, and belief.


Arthur E. McKechnie III

SUBSCRIBED AND SWORN TO before me this 23 day of November, 2011, in the County of Crawford, State of Kansas.

My Commission Expires: 8/16/2012


Notary Public